

Senator Richard Burr

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Good afternoon, Chairman Kohl, Ranking Member Corker, Senator Wyden, and other Members of the Committee. Thank you for inviting me to be here today. As Ranking Member of the Committee on Veterans' Affairs, I appreciate the opportunity to discuss with you some serious issues involving VA's pension program and how they may be affecting elderly, disabled veterans.

This program is one way our nation expresses gratitude to those who have answered the call to duty in a time of war. It offers a basic level of economic security to wartime veterans who have disabilities unrelated to their military service and limited means to provide for their own support. The intent is to ensure that disabled veterans who honorably fought for our nation will never live in poverty.

Given that noble but limited purpose, it has long been recognized that these benefits should be available only to those who are truly in need. But, last year, it came to the attention of the Veterans' Committee that some organizations were marketing financial products to veterans – generally elderly veterans – so they could move assets around in order to artificially qualify.

That's why our Committee asked the Government Accountability Office to look into this issue, and we were pleased to be joined in that request by Senators Kohl and Wyden. That GAO investigation, along with the efforts of the Aging Committee, shed light on an entire industry aimed at convincing veterans to manipulate their assets – by using products like trusts or annuities -- so they can become eligible for VA pension.

As the GAO report reflects, this practice can end up having a negative impact on some veterans. For example, it appears that these companies sometimes convince elderly veterans to buy financial products that would not provide any income during their expected lifetimes. Also, some are using misleading marketing techniques to gain the trust of veterans, providing them with inaccurate information about VA benefits, or breaking their promises to help veterans apply for VA pension.

On top of that, it appears that these companies often target veterans – like those with dementia -- who are particularly vulnerable and may charge them as much as \$10,000 in fees. All of this raises concerns that elderly veterans may be pressured into situations that leave them without adequate resources in a time of need.

The GAO report also confirms that some individuals receiving VA pension actually had substantial wealth. In fact, GAO highlighted an individual who put over \$1 million into a trust shortly before being granted VA pension. It should go without saying that a program meant to provide a safety net for low-income veterans should not be sending checks to millionaires. But, regardless of the amounts involved, it undermines the integrity of a need-based program if assets are being hidden in order to qualify.

The bottom line is that we need to take steps to strengthen VA's pension program, so it will be there for wartime veterans who truly need it and will discourage companies from preying on veterans who do not. That's why Senator Wyden and I are introducing a bill that will require VA -- in determining who is eligible for pension -- to look at whether assets have been moved around in order to qualify.

In general, the bill would create a "look-back" period, running for the three years before an individual applies for VA pension. If the applicant repositioned assets during that window, VA could deny pension for up to three years -- depending on the value of the assets that were moved. As a safeguard, VA would have authority to disregard asset transfers during the look-back period -- and allow pension to be paid -- if it would avoid an undue hardship.

These new protections should help to discourage abuses while making sure these benefits will be available to those who are genuinely in need. This approach is consistent with GAO's recommendations; is similar to rules already in place for other need-based programs, like Medicaid; and is in line with changes VA has acknowledged are needed.

Mr. Chairman, I think this bill would be a common-sense step to deal with many of the issues your Committee will be discussing at today's hearing. I look forward to working with you, Senator Wyden, and all of our colleagues to see that this bill soon becomes law.

Thank you, again, for inviting me to be here today.