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Concurrent Receipt of Military Retirement and VA Disability

Concurrent receipt refers to a veteran's simultaneous receipt of two types of monetary benefits: military retired pay from the Department of Defense (DOD) and disability compensation from the Department of Veterans Affairs (VA). Prior to 2004, existing laws and regulations stipulated that a military retiree could not receive both payments. As a result, military retirees with disabilities recognized by the VA would incur a retired pay *offset* (i.e., dollar-for-dollar reduction) by the amount of their VA compensation.

The FY2003 and FY2004 National Defense Authorization Acts (NDAA) authorized, for the first time, two separate and distinct components of the concurrent receipt program, Combat Related Special Compensation (CRSC), and Concurrent Retirement and Disability Payments (CRDP).

An eligible retiree cannot receive both Concurrent Retirement and Disability Payments (CRDP) and Combat-Related Special Compensation (CRSC).

The common criteria that define eligibility for both of these programs is: (1) all recipients must be military retirees and (2) they must also be eligible for VA disability compensation. An eligible retiree cannot receive both Concurrent Retirement and Disability Payments (CRDP) and Combat-Related Special Compensation (CRSC). The retiree may choose whichever is most financially advantageous to him or her and may move back and forth between either benefit during an annual open season. In 2016, approximately one-third of all military retirees collecting retired pay were either receiving CRDP or CRSC for a total annual cost of \$10.3 billion.

Table 1. Comparison of CRSC and CRDP

	CRSC	CRDP
Classification	Special compensation	Military retired pay
Qualified disabilities	Combat-linked disabilities	Service-connected disabilities
Federal taxation	Non-taxable	Taxable
Claim process	Apply to branch of service	Automatic

Source: Derived from Defense Finance and Accounting Service

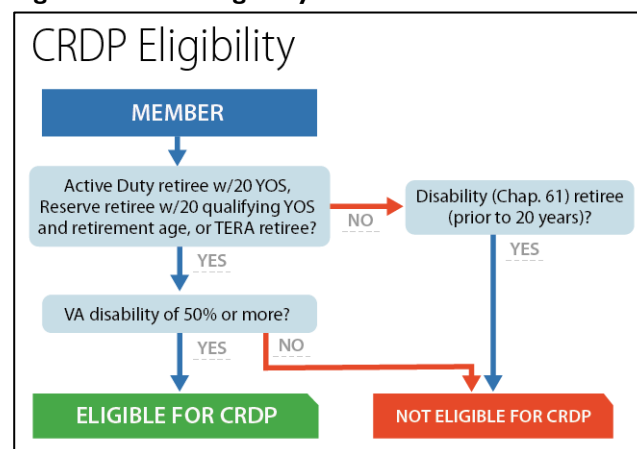
Concurrent Retirement and Disability Payments (CRDP)

CRDP was first authorized in the FY2004 NDAA and was phased in over a 10-year period between 2004-2013. CRDP is sometimes referred to as *restored retired pay*, as it

removes the previously required *offset* of VA payments. Under the *offset*, if a nominal member was eligible to receive \$1,000 per month in retired pay from DOD, and \$800 per month in VA disability pay based on their VA rating, the VA pay would *offset* \$800 of the retired pay. The individual would receive \$1,000 total (\$800 in VA compensation and \$200 in military retired pay). Under CRDP, an eligible retiree in this example would receive \$1,000 in retired pay from DOD plus \$800 from the VA for a total of \$1,800.

Military retirees with at least a 50% service-connected disability as rated by the VA are eligible for CRDP (see **Figure 1**). There are currently two groups of retirees who are not eligible for CRDP benefits. The first group is non-disability military retirees with service-connected disabilities (not combat-related) that have been rated by the VA at 40% or less. The second group includes disability (Chapter 61) retirees with service-connected disabilities and with less than 20 years of service.

Figure 1. CRDP Eligibility Flowchart



Source: CRS

Notes: "Member" refers to a retired member of the Armed Forces. Temporary Early Retirement Authority (TERA) retirees are those retired with less than 20 years of service due to force management requirements. Disability ratings are awarded in 10% increments.

CRDP Recipients and Costs

As of September 30, 2018, there were 625,765 CRDP recipients at an annual cost of \$12.8 billion. The Congressional Budget Office has previously estimated that eliminating CRDP would save \$139 billion between 2018 and 2026 (CBO, Dec. 8, 2016). CBO has previously estimated that extending the program to those with a VA disability of 40% or less would cost an excess of \$30 billion over a 10-year period.

Combat Related Special Compensation

CRSC is considered *special compensation* and not restored retired pay. Under CRSC, the VA offset still applies; however, CRSC reimburses the member for some, or all, of the VA offset. The amount of CRSC depends on the percentage of the disability that is combat related (CRSC rating) and may not exceed the reduction in retired pay. These factors make the calculation of CRSC more complex than CRDP, as every veteran's situation may be different. It may be simplest to think of the total CRSC benefit as three separate payments, (1) retired pay from DOD minus VA disability payment based on VA rating; (2) VA disability payment based on VA disability rating; (3) CRSC payment from DOD based on CRSC rating.

The process for qualifying for CRSC is not automatic. Retirees must apply to their parent military service which has the responsibility for verifying that the disability is combat-related.

Combat Eligibility for CRSC

Those who are entitled to and/or are receiving military retired pay and have a disability rated by the VA that meets either of the following two criteria are eligible for CRSC (see **Figure 2**):

- A disability that is “attributable to an injury for which the member was awarded the Purple Heart,” and is not rated as less than a 10% disability by the VA; or
- A disability rating resulting from involvement in “armed conflict,” “hazardous service,” “duty simulating war,” or “through an instrumentality of war.”

Special Rule for Chapter 61 (Disability) Retirees

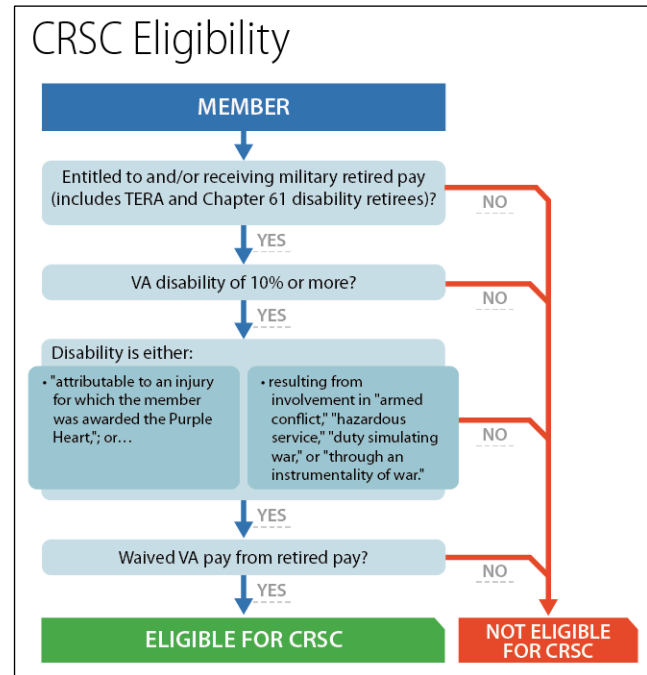
Some individuals who have a permanent and stable condition rated at greater than 30% by DOD may be disqualified from military service and are eligible to receive a pension from DOD prior to completing 20 years of service. These individuals are sometimes called Chapter 61 retirees after the applicable section in Title 10, United States Code. An individual may not receive two separate lifelong government annuities from federal agencies for the same purpose or qualifying event. As such, a *special rule* applies to the calculation of CRSC for Chapter 61 retirees. This rule caps the concurrent receipt payment at the amount for which the retiree would have qualified based solely on years of service, or *longevity*. In some instances, the *special rule* could limit or completely eliminate the concurrent receipt payment. In other instances, application of the rule may not result in any changes.

For those whose CRSC payment is limited or eliminated by the *special rule*, there may be a perceived inequity between CRSC recipients with 20 or more years of service (longevity retirees) and Chapter 61 disability retirees who generally have less than 20 years of service. To resolve this potential issue, Congress could modify or eliminate the *special rule* or limit its application to specific military operations. However, some observers may note that eliminating or modifying the *special rule* would result in paying for the same disability twice, by DOD and by VA.

CRSC Recipients and Costs

As of September 30, 2018, DOD reported that 91,740 retirees were receiving CRSC for an annual cost of \$1.1 billion.

Figure 2. CRSC Eligibility Flowchart



Source: CRS

Note: “Member” refers to a retired member of the Armed Forces. Temporary Early Retirement Authority (TERA) retirees are those retired with less than 20 years of service due to force management requirements.

Relevant Statute

Title 10, Chapter 71 of the *United States Code*, Computation of Retired Pay
 10 U.S.C. §1413a Combat-related special compensation
 10 U.S.C. §1414 Concurrent retirement and disability payments
 38 U.S.C. §5304 Prohibition against duplication of benefits

CRS Products

CRS Report R40589, *Concurrent Receipt of Military Retired Pay and Veteran Disability: Background and Issues for Congress*, by Kristy N. Kamarck and Mainon A. Schwartz
 CRS Report RL34751, *Military Retirement: Background and Recent Developments*, by Kristy N. Kamarck

Other Resources

Statistical Report of the Military Retirement System, DOD Office of the Actuary
 Defense Finance and Accounting Service (DFAS)

Kristy N. Kamarck, Analyst in Military Manpower

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