Defense Primer: 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 concurrently. As a result, military retirees with disabilities recognized by 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 concurrent receipt benefits, 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).

To be eligible for concurrent receipt under these programs all recipients must be eligible for both (1) military retired pay and (2) VA disability compensation. An eligible retiree cannot receive both CRDP and CRSC. The retiree may choose whichever is most financially advantageous to him or her and may change benefit election during an annual open season. According to the DOD Actuary, in FY2021, approximately 42% of all military retirees collecting retired pay were either receiving CRDP or CRSC.

Table 1. Comparison of CRSC and CRDP

<table>
<thead>
<tr>
<th></th>
<th>CRSC</th>
<th>CRDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classification</td>
<td>Special compensation</td>
<td>Military retired pay</td>
</tr>
<tr>
<td>Qualified disabilities</td>
<td>Combat-linked disabilities</td>
<td>Service-connected disabilities</td>
</tr>
<tr>
<td>Federal taxation</td>
<td>Nontaxable</td>
<td>Taxable</td>
</tr>
<tr>
<td>Claim process</td>
<td>Apply to branch of service</td>
<td>Automatic</td>
</tr>
</tbody>
</table>

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 exempts certain members from the offset of VA payments normally required under 38 U.S.C. §§5404 and 5405. Under this offset, a retiree is required to waive retired pay in the amount of VA disability compensation they are eligible to receive. As VA disability compensation is nontaxable, waiving retired pay generally provides a net financial benefit.

CRDP authorizes military retirees with at least a 50% service-connected disability as rated by VA to receive full military retired pay and VA disability compensation without offset (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 VA at 40% or less. The second group includes disability (Chapter 61) retirees with service-connected disabilities and fewer than 20 years of service (YOS).

Figure 1. CRDP Eligibility Flowchart

Source: CRS analysis of statute.

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.

Combat Related Special Compensation

CRSC is considered special compensation and not restored retired pay. Under CRSC, the retired pay offset still applies to receive VA disability compensation; however, CRSC reimburses the member for some, or all, of the 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 easiest to think of the total CRSC benefit as three separate payments, (1) retired pay from DOD minus VA disability payment...
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**

Military retirees may be eligible for CRSC if they have disability that meets either of the following two combat-related criteria (see Figure 2):

- The disability 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 VA; or
- The disability resulted from involvement in “armed conflict,” “hazardous service,” “duty simulating war,” or “through an instrumentality of war.”

**Figure 2. CRSC Eligibility Flowchart**

![CRSC Eligibility Flowchart](https://crsreports.congress.gov)

Source: CRS analysis of statute.

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.

**Special Rule for Chapter 61 (Disability) Retirees**

Some individuals who have a permanent and stable medical 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. Historically, Congress has prohibited individuals from receiving two separate lifelong government annuities from federal agencies for the same purpose or qualifying event (sometimes referred to as double-dipping). This has been one argument for prohibiting Chapter 61 retirees from receiving disability retired pay from the DOD concurrently with disability compensation from VA. As such, when Congress drafted the CRSC legislation, it included a special rule for 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.

**Concurrent Receipt Funding**

Military retired pay and CRSC are paid out of the Military Retirement Fund. Together, the CRDP and CRSC benefits accounted for about $18.5 billion in annual outlays in FY2021. Contributions into the fund are made by DOD through annual appropriations, and by the Treasury through intergovernmental transfers. When Congress authorized CRDP in the 2003 (P.L. 108-136 §641), it included a provision that required the Treasury to pay for the additional costs incurred by the expansion of the CRDP and CRSC benefits (10 U.S.C. §1466(c)(2)(D)). In a December 2020 Report to the President and Congress, the DOD Board of Actuaries expressed fiscal discipline concerns with the current funding processes and recommended that “DOD, not Treasury, should pay for all benefit increases.”

**Issues for Congress**

Several legislative proposals over the past few Congresses have sought to expand concurrent receipt benefits to military retirees not covered under existing CRSC and CRDP provisions. In considering these proposals, Congress may weigh both cost and equity arguments as well as the larger package of military retiree, veteran, and social security benefits available to this population.

### Relevant Statute

<table>
<thead>
<tr>
<th>Title 10, Chapter 71 of the United States Code, Computation of Retired Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 U.S.C. §1413a Combat-related special compensation</td>
</tr>
<tr>
<td>10 U.S.C. §1414 Concurrent retirement and disability payments</td>
</tr>
<tr>
<td>38 U.S.C. §5304 Prohibition against duplication of benefits</td>
</tr>
<tr>
<td>38 U.S.C. §5305 Waiver of retired pay</td>
</tr>
</tbody>
</table>

### 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**
- **CRS Report R44837, Benefits for Service-Disabled Veterans, coordinated by Heather M. Salazar**

Kristy N. Kamarck, Specialist in Military Manpower
Disclaimer
This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS’s institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.