

Concurrent Receipt of Military Retirement Pay and Veterans Disability Compensation

Veterans may be eligible for military retirement pay, and if they are disabled, they may also be eligible for veterans disability compensation. Federal law governs both military retirement pay and veterans disability compensation, and determines the situations in which veterans can receive both. While only a small percentage of veterans are military retirees, many military retirees have incurred one or more service-connected disabilities and are affected by concurrent receipt policies. These issues are governed by federal law and are not under the jurisdiction of the states. This short subject briefly explains each type of compensation and the situations in which a veteran may be eligible to receive both.

Veterans may be eligible for military retirement pay and veterans disability compensation

A military retiree (generally, a service member who serves 20 years or more in the military) typically qualifies for military retirement pay and certain other veterans benefits. The amount of military retirement pay due a military retiree is based on a formula or scale that factors in the person's military rank at retirement and the person's length of military service. Military retirement pay is determined and paid by the U.S. Defense Finance and Accounting Service (DFAS).

A disabled veteran may apply for disability compensation from the U.S. Department of Veterans Affairs (VA). The VA can approve veterans as eligible for veterans disability compensation for one or more documented service-connected injuries or illnesses that continue to affect the person's health or abilities following separation from the military. The VA pays this compensation, with the monthly amount based on a formula or scale that factors in the person's military rank and the person's service-connected disability rating. Service-connected disability ratings are made in 10 percent increments from 0 percent to 100 percent, with a special category for disabilities rated as 100 percent total and permanent. (Disabilities not related to military service are not considered.)

In most cases, veterans cannot receive both retirement benefits and disability compensation

"Concurrent receipt" refers to a veteran's eligibility to receive both military retirement benefits and VA disability compensation. Until 2004, concurrent receipt was prohibited by federal law, so a person receiving military retirement pay was required to waive some or all of that pay in order to receive VA disability compensation. The federal law was changed as of January 1, 2004, so that any military retiree with a VA disability rating of 50 percent or higher, or any Purple Heart medal recipient with a rating of 10 percent or higher, is eligible for full concurrent receipt of his or her military retirement pay and veterans disability compensation.

However, the waiver is still the law for most military retirees with a VA service-connected disability rating of less than 50 percent. This waiver of

retirement pay for disability compensation causes a dollar-for-dollar offset. As a result, a military retiree subject to the federal ban on concurrent receipt is limited to the higher of: (1) the person's military retirement pay; or (2) the person's veterans disability compensation, but not to the sum of the two.

The principal advantage of the waiver for the veteran is to substitute veterans disability pay, which is exempt from all taxation, for military retirement pay, which is subject to taxation.

Congress expanded eligibility for concurrent retirement and disability pay

Congress has continued to expand eligibility for concurrent receipt of retirement pay and disability compensation (CRDP) to include additional populations of veterans. As of January 2011, the law allows concurrent receipt for the following groups:

- Military retirees who are 100 percent disabled with 20 years of service
- All combat-disabled military retirees regardless of length of service or percentage of disability as described below
- Disabled military retirees with 20 years of service who are deemed "unemployable" by the VA
- [Chapter 61](#) retirees with 20 years of service, who have suffered combat or operations-related injuries, with partial benefits if under 20 years service ([Chapter 61](#) retirees are people forced to retire from the military because of medical issues; see [10 U.S.C. §§ 1201-1222](#).)

An estimated 300,000 disabled military retirees nationally currently qualify for concurrent receipt. This represents about 30 percent of the military disabled retired population.

Some retirees can receive compensation to replace a disability offset

Combat-related special compensation (CRSC) is authorized in federal law and provides military retirees monthly compensation to replace a VA disability offset. Under this law, all qualified military retirees with 20 or more years of service with a "combat-related" VA-rated disability are exempt from any ban on concurrent receipt and are eligible to receive both full military retirement pay and VA disability compensation.

A portion of Minnesota veterans are military retirees

Minnesota has approximately 400,000 veterans; about 60,000 of them have a VA disability rating, but only about 15,000 are military retirees (including both active duty and National Guard and other Reserve retirees). Many of these 15,000 military retirees are likely to have service-connected disabilities, as determined by the VA.

Because these policies are governed by federal law, Minnesota has no jurisdiction or authority to change them.

For more information: Contact legislative analyst Jim Cleary at jim.cleary@house.mn.

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