

# Concurrent Receipt

Your Guide to CRDP and CRSC



## **Your Guide to Concurrent Receipt**

This booklet answers questions former and retired military personnel and their families frequently ask about Concurrent Retirement and Disability Pay (CRDP) and Combat-Related Special Compensation (CRSC). Call MOAA at (800) 234-MOAA (6622) or email [beninfo@moaa.org](mailto:beninfo@moaa.org) if you have questions or need clarification.

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**CRSC**

**CRDP**

# Introduction

MOAA was involved in legislative advocacy for concurrent receipt reforms long before recent reforms finally were passed into law. MOAA's Government Relations staff helped draft the legislation. While the reforms have been noteworthy, we realize there is more work to be completed. We continue to fight for the completion of concurrent receipt reforms.

This booklet draws on MOAA's advocacy efforts, the law, and our practical knowledge and experience with concurrent receipt programs. We believe you will find this booklet helpful as it incorporates real-life examples. The stories told are based on our actual experiences with thousands of personal situations.



Contact MOAA's concurrent receipt experts if you need clarification.

- Call: (800) 234-MOAA (6622)
- Email: [beninfo@moaa.org](mailto:beninfo@moaa.org)
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# History

Concurrent-receipt law stipulates you cannot be paid twice for the same disabilities. The law prohibits this form of double-dipping.

If you receive service retired pay and VA compensation for disabilities, the VA compensation is subtracted from your service retired pay in the form of what is called a VA waiver. You waive your service retired pay to receive VA compensation and prevent double-dipping. While you are sacrificing retired pay on one hand, you are trading taxable pay for tax-free VA pay on the other hand.

No one argues that getting paid twice (from the service and from the VA) for the same disabilities should be allowed. However, a portion of service retired pay is based on your vested years of service, and that makes the pay earned due to time served. You shouldn't have to sacrifice retired pay you earned through years of service. Vested years of service and disability pay have nothing to do with each other.

MOAA fought for legislation that would stop concurrent receipt laws from denying a servicemember's retired pay that was vested over his or her years of service. VA compensation should not be deducted from vested service time, because the VA pay specifically is designated as disability compensation, so it should only offset other disability pay. From MOAA's lobbying, new concurrent receipt legislation was passed and Combat-Related Special Compensation (CRSC) and Concurrent Retirement and Disability Pay (CRDP) were born.

The result is CRSC and CRDP **restore the service retired pay vested through years of service** that VA compensation has denied members in the past. CRSC and CRDP **do not restore** that portion of your service retired pay based on a service disability rating.



MOAA fought for legislation that would stop concurrent receipt laws from denying servicemembers retired pay that was vested in their years of service.



## LEGISLATIVE ACTIONS BEHIND CRDP/CRSC

The FY 2003 National Defense Authorization Act (NDAA) authorized CRSC for certain retirees **with combat- or operations-related disabilities**. The FY 2003 authority provided CRSC to those retirees with qualifying disabilities rated at 60 percent or higher and to those retirees with disabilities (regardless of disability level) associated with the award of a Purple Heart decoration.

The FY 2004 NDAA included provisions for a 10-year plan to eliminate the offset (VA waiver) in retired pay for **all** those with VA disability ratings of 50 to 100 percent who retired with 20 or more years of service. The 10-year phase-out started Jan. 1, 2004. In other words, the VA waiver was eliminated at the end of the 10-year phase-out period, in 2014. The majority of the retired-pay offset (VA waiver amount)





will be eliminated for many. Retirees with less than 20 years are not eligible. CRDP can be retroactive to the maximum of Jan. 1, 2004, if applicable. For CY 2005 and later, members with a 100-percent VA rating or the VA's Individual Unemployability (IU) tag are not subject to the phase-in rules. These members will get immediate full restoration of retired pay; in other words, full CRDP with no VA waiver in their retired pay.

The FY 2004 NDAA also expanded CRSC to include all combat- or operations-related disabilities, effective Jan. 1, 2004 — regardless of disability level (10- to 100-percent ratings).

The FY 2008 NDAA expanded eligibility of CRSC to anyone receiving military retired pay. This includes: medical retirees under Chapter 61, Temporary Early Retirement Act, and Temporary Disabled Retirement List retirees. These new eligible components for CRSC went into effect Jan. 1, 2008.

The FY 2013 NDAA fixed a long-standing glitch in the CRSC payment formula that underpaid (and in some cases eliminated any payment of) CRSC for combat-disabled military retirees — especially medically retired members. This fix was effective Jan. 1, 2013. The Defense Finance and Accounting Service will do the new calculations and make corrected payments retroactive to Jan. 1, 2013. There's no provision to provide corrected payments for prior years.



The FY 2004 NDAA included provisions that phased out the VA waiver by 2014 for all those with VA disability ratings of 50 to 100 percent who retired with 20 or more years of service.

# Concurrent Receipt Overview

Concurrent receipt is the restoration of service retired pay, earned through years of service, that has been denied in the past by the VA waiver. There are two forms of concurrent receipt: CRDP and CRSC.

## CONCURRENT RETIRED AND DISABILITY PAY (CRDP)

CRDP restores your service retired pay by eliminating the VA waiver. That's it. There are no special pays, separate pays, or complicated calculations. The absence of the VA waiver from your retired pay **is** CRDP.

The fact that CRDP restores your retired pay also means the restored pay is taxable. And retired pay is eligible for division by divorce courts.

It applies to all uniformed services.

There is no application process for CRDP. If you meet the eligibility criteria, your pay agent (Defense Finance and Accounting Service or otherwise) automatically eliminates the VA waiver.

**CRDP Eligibility:** For CRDP, you must be a 20-year (or more) retiree with a VA-rated disability of 50 percent or greater. You must be receiving service retired pay and VA compensation. Medical retirees (Chapter 61 retirees) with less than 20 years of service are not eligible. Members with VA ratings below 50 percent are not eligible. Reservists and guardmembers must be receiving retired pay to receive CRDP. There is no combat-related factor to CRDP.

## COMBAT-RELATED SPECIAL COMPENSATION (CRSC)

CRSC is the combat-related version of concurrent receipt. Unlike CRDP, which eliminates the VA waiver from your retired pay, CRSC does **not** eliminate the VA waiver. In fact, you will continue to have the VA waiver in your retired pay in an amount **equal to your full VA compensation**. CRSC reimburses you in a separate payment for **all or some** of the VA waiver amount being subtracted from your service retired pay.

Members with CRSC receive three separate payments each month. One is the service retirement pay with the full VA waiver deducted. One is full VA compensation. The third paycheck is the tax-free CRSC payment. The combat-related factor is why the payment is tax-free and why it is a separate form of payment. (See Pay Illustrations, page 11.)

**CRSC Eligibility:** Any member with service retired pay and VA disability compensation may be eligible for CRSC, regardless of years of



service or VA rating. Eligibility for CRSC does not mean you will get it; it means you can apply to your service and determine whether your disabilities qualify you for CRSC payment and, if so, how much.

The CRSC amount **may be less than** your VA waiver amount. It cannot exceed the amount of your VA waiver. CRSC may be less than your VA waiver amount for two reasons:

1. because your service combat-related disabilities may be considered less than your whole-body rating (combat-related or not) awarded by the VA, and/or
2. because your CRSC reimbursement is restricted to the amount of retired pay earned due to vested years of service. It does not reimburse you for retired pay amounts due to a service disability rating. (See *Members with a Service Disability Rating at Retirement*, page 12.)

Some members may receive only two payments if their VA waiver amount totally offsets their retired pay. In this case, you will receive VA compensation and CRSC.

CRSC is not considered retired pay, so it is **not subject** to the provisions of law relating to payment of retired or retainer pay in compliance with court orders (divorce). Also, because it is not retired pay, it is **not subject** to any survivor benefit provisions and programs.

You must apply to your service for CRSC; it is not automatic like CRDP. The services determine what proportion of your VA disability rating is combat-related and award you a CRSC rating. The service CRSC rating determines the amount of the CRSC payment.

**Applying for CRSC:** To apply, you must complete an application form and attach all supporting documentation. The links below take you to your service's website for making a CRSC application. The sites provide eligibility criteria and detailed instructions and explain support documentation requirements. The Army site has helpful resources explaining how best to prepare your package. This guidance can work for any service. You also can download application forms. The forms have the mailing addresses for each service. The service sites are

- Army: <https://www.hrc.army.mil/tagd/crsc>
- Navy/Marine Corps: [www.public.navy.mil/asnmra/corb/crscb/pages/crscb%20main%20page.aspx](http://www.public.navy.mil/asnmra/corb/crscb/pages/crscb%20main%20page.aspx)
- Air Force: [www.afpc.af.mil/library/combat.asp](http://www.afpc.af.mil/library/combat.asp)
- Coast Guard: [www.uscg.mil/ppc/ras/crdp-crsc-news.asp](http://www.uscg.mil/ppc/ras/crdp-crsc-news.asp)
- NOAA and Public Health Service: Contact your pay agencies.

## CRDP/CRSC COMPARISON ISSUES

Why would someone qualifying for both take one over the other?

- One will put more money in your pocket.
- The combat-related factor of CRSC might be more restrictive than the whole-body CRDP factor, so CRSC could pay less. It is not unusual for the combat-related rating to be lower than the VA rating. The service may determine, for example, that only 30 percent of the disabilities in your 70-percent VA rating are combat-related. In this case, the taxable CRDP amount might put more money in your pocket, even after taxes, than a 30-percent CRSC tax-free payment.
- CRSC is tax-free; CRDP is not.
- You might not want to go through the CRSC application process.
- CRDP is divisible by divorce courts; CRSC is not.
- CRDP automatically is paid to members who receive VA compensation and service retirement pay, if they meet the qualifications.
- CRDP eliminates the VA waiver from service retired pay.
- CRDP is simpler.

## PAY ILLUSTRATIONS

Your retiree account statement (pay stub) reflects the amount of CRDP. This CRDP amount is actually the amount of pay you are not being docked by a VA waiver. The CRDP amount is how much retired pay has been restored due to the CRDP program.

CRSC is not reflected on your retired pay stub. CRSC is a separate payment deposited into the same account where you receive your retired pay. Because it is tax-free, you will not receive an IRS Form 1099 for tax purposes at the beginning of the calendar year. The pay is not reported to the IRS.

### WITH CRDP — TWO PAYMENTS

Service Retired Pay	VA Disability Compensation
Full taxable pay without a VA waiver	Full tax-free VA compensation

### WITH CRSC — THREE PAYMENTS

Service Retired Pay	VA Disability Compensation	Separate CRSC Check
Taxable service pay minus a full VA waiver (VA waiver is equal to amount of VA compensation)	Full tax-free VA compensation	Tax-free. Amount based on service CRSC rating. To reimburse for the VA waiver in the service pay. May be less than the VA waiver amount.

Benefit of CRSC over CRDP — replacing taxable pay with tax-free pay. CRSC is not an additional sum of payment above your full amount of service and VA payments.

# Open Season

If you are eligible for both CRDP and CRSC, you are allowed to accept one form of concurrent receipt or the other but not both simultaneously.

If you already are receiving CRDP and later become initially eligible for CRSC payments, your pay agency will complete an audit to determine which program will pay you the greater amount and automatically pay you the greater amount.

You have an opportunity to switch programs each year during an open-season period. The Defense Finance and Accounting Service or your pay agent will mail you an open-season election letter each December. The election form includes a comparison of your CRDP and CRSC amounts, as well as information about the tax implications to help you decide between the two.

The ability to switch programs during open season is especially critical if your VA or CRSC ratings change over the course of a year. One or the other form of payment could become more advantageous due to rating changes.

All elections must be postmarked no later than Jan. 31. If no change is desired, no action is necessary. Election changes postmarked after this date will not be processed, and your unchanged election will remain in effect until changed in a subsequent annual open season.

## Specific Situations

### MEMBERS WITH A SERVICE DISABILITY RATING AT RETIREMENT

Medically retired members with a service disability rating have a special situation to consider in figuring their concurrent receipt.

Your retired pay is the greater of:

- your service disability rating x base/high-3 pay or
- 2.5 percent x years of service x base/high-3 pay.

If you have less than 20 years of service, CRSC is your only option for concurrent receipt. Your CRSC amount is **limited to that portion of your retired pay based on years of service**. Remember, concurrent receipt, whether CRDP or CRSC, restores retired pay **based on years of service only**.

Why is this a big deal? For many of you, this “years of service” portion is a small amount when compared to your total service check. Here’s an example:

## WITH 10 YEARS OF ACTIVE DUTY SERVICE

### **Medically retired with a 50-percent service disability rating.**

Retirement pay based on the greater of:

- 50% medical rating x base/high-3 pay OR
- 2.5% x 10 years of service (25%) x base/high-3 pay.

CRSC is based on years of service, not your disability rating.

In this example, the servicemember is paid at 50 percent, but CRSC is paid at 25 percent. CRSC will not replace the pay above the 25-percent payout. This servicemember’s CRSC won’t restore all the retired pay docked by the VA waiver.

(If you’re a guardmember or reservist, see “Guard and Reserve Issues” section below.)

## GUARD AND RESERVE ISSUES

Guard and Reserve (G/R) members may receive VA compensation prior to age 60 but won’t receive retired pay until age 60. (Some may qualify earlier if deployed time allows.)

CRDP and CRSC can’t be paid until your service retired pay is being affected by your VA disability compensation (i.e., is VA waiver-eligible). Bottom line, no CRDP or CRSC is granted until both retired pay and VA compensation are being paid.

G/R members who are medically retired prior to age 60 face some confusion, stemming from the difference between a medical retirement and the standard G/R retirement.

When tallying years of service for G/R retirement, members have active duty years of service and drilling years of service. Drilling years are combined with active duty years to provide the total creditable years of service.

The total years of service count as vested time for retirement eligibility (greater than or equal to 20 years), and retirement pay is paid at age 60.

If you are medically retired, the medical retirement separates your active duty time from your drilling time. Distinguishing between these two types of years of service is critical to determining eligibility for concurrent receipt when a person is medically retired.

As a medically retired active duty member, it takes 20 or more years of service before you are eligible to receive CRDP. Therefore, medical retirees

## WHAT ABOUT MEDICAL RETIREMENT?

**A medical retirement is categorized as an “active duty” retirement.** This means only your active duty time counts toward years of service for retirement purposes. You’ll be a retiree with [insert active duty years here] years of service. That’s why you don’t have to wait until age 60 for your retired pay after a medical retirement; you get paid immediately because you are an active duty retiree.

On the other hand, for pay purposes, your total years of service are used to determine your medical retirement pay amount. Your retired pay will be established as the greater of your service disability rating x base pay/high-3 or 2.5 percent x total years of service x base/high-3 pay, whichever is greater. Usually it’s the disability rating that’s used.

These are nuanced but important factors to understand — realize the difference between years of service for retirement purposes and years of service for pay purposes.

with less than 20 years of active duty service are not eligible for CRDP. However, you are eligible for CRDP if you have 20 or more years of total service and you are age 60 with a G/R retirement.

The rub: “But I do have more than 20 years of service?” Let’s say you’re medically retired with less than 20 years active duty time but more than 20 years total time served. You have more than 20 years of *total* service vested for a G/R *retirement*. This means you received your Notice of



Eligibility retirement letter prior to your medical retirement. As a medical retiree with less than 20 active years, **at age 60**, you now can include your G/R *total* time to become CRDP-eligible and CRDP is now available to you as an option.

On the other hand, you can qualify for CRSC if your disabilities are the result of combat and you have less than 20 years of active duty time served.

## TAX ISSUES

The tax status of service retired pay and retroactive VA compensation can be confusing. Adding CRDP and CRSC just makes things more confusing.

When you get VA compensation, your retired pay is docked by the VA waiver. In other words, you don't receive taxable retired pay because of the VA waiver (forget about CRDP/CRSC for the moment).

If you receive an award of VA compensation that was backdated — a retroactive payment — this means some of your past retired pay, on which you paid taxes, is no longer taxable pay.

If you had been paid that VA compensation monthly over the retroactive period, you wouldn't have received all the taxable retired pay you did. The VA waiver would have docked your retired pay up to the amount of the VA compensation over that time.

The tax code allows you to reduce your past taxable military retirement income by the amount that your pay would have been reduced if your VA compensation started on time. This is allowed due to a court case known as the Strickland decision (*Strickland v. Commissioner*, 4th Circuit, 1976) and is explained in Revenue Rule 78-161.

Other than its barely being mentioned in some VA or Defense Finance and Accounting Service (or your pay agency) letters, you will receive no directions, detailed information, or help on this tax issue. You won't receive an updated 1099-R.

Note that the above applies to you if you are **not** eligible for CRDP or if you receive CRSC. CRDP or CRSC also will be applied retroactively by your pay agency once notified by the VA of your VA retroactive award. Remember, if you are not CRDP-eligible or you collect CRSC, you still have a VA waiver in your retired pay. You paid taxes on past retirement income that would have been tax-free because of the retroactive VA waiver that would have been applied.

Let's reinsert the CRDP factor now. Say you are eligible for CRDP. Your past retired pay, after the application of the retroactive VA award plus the application of retroactive CRDP, might or might not have been affected by a VA waiver. Remember CRDP restores some, up to the entire amount, of retired pay normally denied by the VA waiver, through the elimination of the VA waiver.

If your retroactive VA award is all in the current tax year, you have to adjust the amount on your retired pay 1099-R by the reduction (VA waiver) that would have occurred. If you are CRDP-eligible, and because CRDP eliminates the VA waiver, you might not have suffered any reduction of retired pay — see “CRDP Phase-in Percentages.”

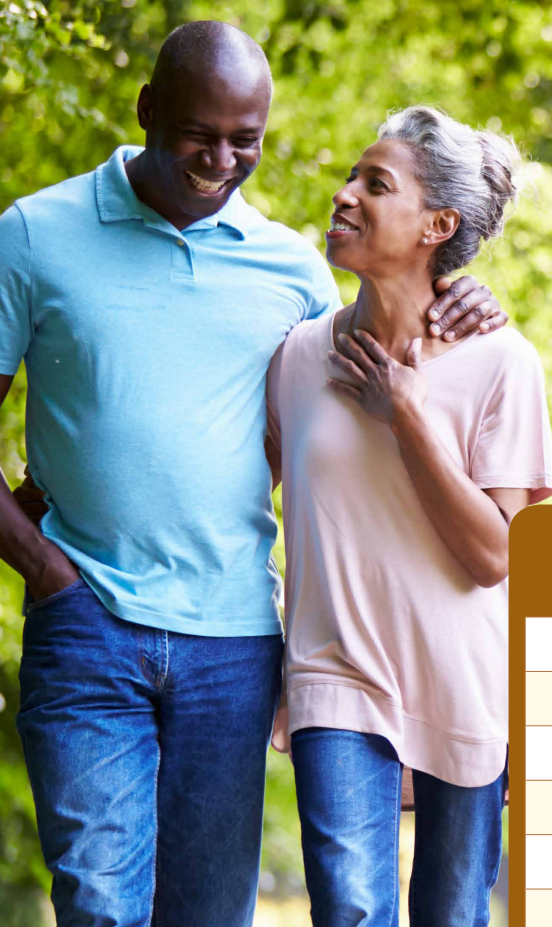
If you did face a reduction, use the adjusted amount on your tax return. Include a letter explaining that you reduced your 1099-R income in accordance with Rev. Rul. 78-161 and also include a copy of the letter from the VA establishing your retroactive benefits and a CRDP/CRSC approval letter. You’ll want to search the IRS website (try “veteran issues” or “CRSC”) for more information.

If your retroactive benefits predate the current tax year, you’ll have to decide whether it is worth your time to try and get a tax refund for past years by submitting amended tax returns. You have to file an IRS Form 1040X (amended tax return) for each tax year, changing your retirement income to reflect the VA waiver offset that would have applied each year. Include all the documentation mentioned above. Search the IRS website for “veteran issues.”

Remember, before 2014, CRDP was being phased in over the years. That means you had a diminishing VA waiver each year leading to 2014. How much of your retired pay actually was docked each year due to the remaining VA waiver? In the past few years, VA waiver amounts were miniscule.

So, to determine what your tax refund would be for past years, you have to know what your actual VA waiver amount was after the application of CRDP in those past years. In other words, you can’t claim a refund for the full amount of your VA compensation because your past pay wasn’t docked for the full amount of the VA compensation due to CRDP.

CRSC affects retirees in a completely different way than CRDP recipients. All CRSC recipients have a VA waiver in their retired pay **for the full amount of their VA compensation.** The CRSC amount is not relevant to the amended tax return affected by the retroactive payment of VA compensation. CRSC payees will use the VA waiver amount to determine their tax refund status over the retroactive period. It is the VA waiver amount that docks the retired pay, thereby making the past retired pay income that was waived (by the VA waiver amount) eligible for tax-free status.



### CRDP PHASE-IN PERCENTAGES

<b>CY 2009</b>	84.88%
<b>2010</b>	93.95%
<b>2011</b>	98.18%
<b>2012</b>	99.64%
<b>2013</b>	99.96%
<b>2014</b>	Phase-in complete, 100%

### MEMBERS NOT ELIGIBLE

Servicemembers who have less than 20 active duty years of service for an active duty retirement are not eligible for CRDP.

Servicemembers with a VA disability rating less than 50 percent are not eligible for CRDP.

G/R members in the gray zone (prior to age 60) are not eligible for CRDP/CRSC, with one exception: Those who qualify for the decreased age requirement due to deployed time can start receiving CRDP/CRSC at the age they qualify for retired pay.

G/R members medically retired with less than 20 years of active duty service are not eligible for CRDP. Note: If you have over 20 years of total service time, you can qualify for CRDP at age 60.

# Common Misconceptions

CRDP and CRSC are confusing programs. In our experience talking regularly with uniformed servicemembers, several misconceptions are common. The main issue that confuses people about concurrent receipt is that concurrent receipt does not restore disability compensation from the service. It restores longevity retired pay.

Let's bust some misconceptions:

***“They say I get CRSC/CRDP, but where is it? I’m not getting extra pay.”***

Some people believe CRDP/CRSC is a new form of pay, additional income above and beyond any service retired pay and VA compensation amounts. CRSC is a third form of pay, but it is not an amount in addition to or above service retired pay and VA disability compensation. While technically it comes to you as a third paycheck, it is pay that restores your service retired pay for all or part of the VA waiver amount being deducted from service pay. CRDP, on the other hand, is not a third form of pay. CRDP is the return of service retired pay by eliminating the VA waiver amount in your service retired pay. (See Pay Illustrations, page 11.)

***“I get VA disability compensation [or service retired pay], but I don’t get CRSC/CRDP.”***

CRDP/CRSC is a restoration of service retired pay that is being docked by the VA waiver. You have to be receiving both service retired pay and VA disability compensation at the same time. Some members are receiving only one form of pay and as a result are not eligible for CRDP/CRSC. You have to be denied service retired pay through a VA waiver before your pay can be restored by CRDP/CRSC.

***“My CRSC amount does not fully restore the amount of my VA waiver!”***

VA compensation is based on your total disabilities, regardless of whether the disabilities were the result of combat. CRSC pays only the portion of your compensation allocated to disabilities that were directly related to combat. It is not unusual for a CRSC rating and the resulting payment to be smaller than the VA compensation amount. This means you will continue to have a VA waiver amount for the full amount of your VA compensation in your service retired pay.

***“I’m told CRSC is always a better payment than CRDP.”***

Not so. As previously noted, CRSC is limited to combat injuries, which can be a significant limiting factor on the amount paid. CRSC recipients continue to have a VA waiver in their retired pay for the full amount of their VA compensation. Because CRSC is tax-free and CRDP is taxable, some people assume CRSC is the better payment. The combat-related nature of CRSC is the basis behind its tax-free status.

However, because CRDP eliminates the whole VA waiver from retired pay, even though it is taxable, it might be a larger amount and could put more money in your pocket. In some years, for some recipients, the amount of pay under CRDP is large enough that even after taxes it could be greater than a limited CRSC tax-free check. This is why your pay agency allows you a chance to select which version of pay you want during the open season each December.

***“I get CRSC, but a VA waiver still is deducted from my service retired pay. Where is my concurrent receipt?”***

In many cases this comment stems from the first example question. Some think CRSC is a payment above and beyond all other pays. Others think they can receive both forms of concurrent receipt simultaneously. In their mind, CRDP should eliminate the VA waiver and CRSC should pay their concurrent receipt. But you can’t collect CRDP and CRSC at the same time.

CRDP and CRSC are to restore your retired pay, and each program does that in its own way. Often this confusion stems from not understanding that the CRSC check reimburses a member for the amount the VA waiver docks their retired pay.

# FAQs

## CRDP QUESTIONS

**Q: *How much compensation will I receive?***

**A:** CRDP is the elimination of the VA waiver from service retired pay. CRDP is equal to your VA compensation amount. It is not a separate payment. CRDP was phased in over a 10-year period that began in 2004. Since 2014, the VA waiver has been eliminated for all CRDP eligibles. The VA waiver gradually was eliminated from your retired pay so that as of 2014, all 20-plus years of service disabled retirees with 50 percent or greater VA ratings are entitled to full military retired pay and VA disability compensation.

**Q: *How is CRDP paid?***

**A:** CRDP is the elimination of the VA waiver from your service retired pay. CRDP payees receive two payments: One is your VA compensation, and one is your service retired pay without a VA waiver.

**Q: *Will CRDP take into account dependent compensation?***

**A:** Allowances for dependents are included when calculating the amount of increase in retired pay you will receive for a given year.

**Q: *Will CRDP take into account Special Monthly Compensation (SMC)?***

**A:** SMC is included in calculating your overall compensation.

**Q: *I received a disability retirement from my military service after 20 years of active duty. Does this affect my compensation?***

**A:** You still will be eligible for CRDP, but you could continue to have a VA waiver in your retired pay. Your military service awarded you a medical disability retirement (Chapter 61). If your medical retirement pays you more in retired pay due to your service disability rating than your years of service would have paid, CRDP will not make up for the service retired pay paid above that due to your years of service. CRDP restores retired pay, not disability pay. So your CRDP is based on the amount of retired

pay you receive due to your length of service (longevity). Your CRDP could be less than your total retired pay because your total pay also includes an amount for your disability. By law, you cannot receive two disability pays for the same disability, as would occur if you got disability pay in your service check and from the VA. (See “Members with a Service Disability Rating at Retirement,” page 12.)

**Q: *Are guardmembers and reservists eligible for CRDP?***

**A:** Yes, all reservists and National Guard members receiving longevity retirement — 20 “good years” for retirement purposes — are eligible for CRDP. Gray-area retirees become eligible for CRDP at age 60, when they begin to receive retired pay.

**Q: *Are Temporary Early Retirement Authority (TERA) retirees eligible?***

**A:** TERA retirees are eligible for CRDP.

**Q: *Are Chapter 61 retirees (medical retirees) with less than 20 years eligible?***

**A:** No. MOAA continues to fight for CRDP for medical retirees with less than 20 years. Chapter 61 retirees with less than 20 years may be eligible for CRSC.

**Q: *Are surviving spouses eligible?***

**A:** CRDP does not apply to survivors. CRDP is a program to restore servicemembers’ retired pay.

**Q: *Are former spouses eligible?***

**A:** CRDP restores retired pay, and under the Uniformed Services Former Spouses’ Protection Act (USFSPA), retired pay is considered marital property subject to division in a divorce. Therefore, former spouses who have been awarded a portion of a servicemember’s retired pay should receive an increase in their portion as the member’s retired pay is increased under CRDP.

**Q: *When will my compensation begin?***

**A:** CRDP is added automatically to the monthly retired paychecks of eligible retirees. If you have not yet received CRDP, you may wish to contact the Defense Finance and Accounting Service, at (800) 321-1080, or your pay agency.

**Q: *Will the pay be retroactive?***

**A:** All compensation will be retroactive to the date you became eligible for CRDP. Retroactive payments for CRDP can be retroactive back to Jan. 1, 2004.

**Q: *Is the compensation taxable?***

**A:** CRDP payments are taxable according to your current retired pay federal income tax withholding tax rate and might affect the amount you wish to have deducted for state income tax withholding.

## CRSC QUESTIONS

**Q: *How much CRSC compensation will I receive?***

**A:** The amount of compensation you receive will be equal to the amount of VA disability compensation allowable for those disabilities determined to be combat-related, up to the total amount of your retired pay offset by the VA waiver. It is not unusual to have a combat-related disability rating lower than your VA rating and therefore have a smaller CRSC amount than your VA compensation or VA waiver amount. CRSC reimburses you for the combat-related portion of your disability.

**Q: *Will CRSC take into account dependent compensation?***

**A:** Yes, CRSC will include whatever amount of dependent compensation associated with your disability rating.

**Q: *Will CRSC take into account compensation for Individual Unemployability (IU)?***

**A:** Yes. An IU rating from the VA gets you CRSC paid at the 100-percent VA rate, regardless of your actual VA rating (down to 60 percent). Losing the IU rating from the VA causes you to revert back to your actual VA rating compensation.

**Q: *Will CRSC take into account SMC?***

**A:** Your parent service will determine if your SMC is attributable to combat-related disabilities. If so, your CRSC payment will include the SMC amount. The VA will provide descriptions of SMC criteria and will provide counsel in unusual situations.



**Q: *I received a disability retirement from my military service. How will this affect my compensation?***

**A:** You still will be eligible for CRSC, but there probably will be some adjustments to the amount you receive. Your military service awarded you a medical disability retirement (Chapter 61), which probably provides you extra pay for your disability. CRSC is restoration of your retired pay, not disability pay. That being the case, CRSC is based on your retired pay for service longevity, without any disability. This is to preclude two payments (from the VA and your service) for the same disability. This is a key point because Chapter 61 retirees with less than 20 years' service may be eligible for a much smaller CRSC than expected. (See "Members with a Service Disability Rating at Retirement," page 12.)

**Q: *Will the pay be retroactive?***

**A:** All compensation will be retroactive to the date you became eligible for CRSC.

**Q: *Is the compensation taxable?***

**A:** CRSC is not taxable based on current law regarding taxability of disability income.

**Q: *Are former spouses eligible?***

**A:** CRSC is not considered service retired pay by law and does not fall under the USFSPA. As such, it is not considered marital property subject to division in a divorce. Therefore, former spouses who have been awarded a portion of the servicemember's retired pay are restricted to actual retired pay and not the separate CRSC check.



Visit your service's website to apply for concurrent receipt:

Army: <https://www.hrc.army.mil/tagd/crsc>

Navy/Marine Corps: [www.public.navy.mil/asnmra/corb/crscb/pages/crscb%20main%20page.aspx](http://www.public.navy.mil/asnmra/corb/crscb/pages/crscb%20main%20page.aspx)

Air Force: [www.afpc.af.mil/library/combat.asp](http://www.afpc.af.mil/library/combat.asp)

Coast Guard: [www.uscg.mil/ppc/ras/crdp-crsc-news.asp](http://www.uscg.mil/ppc/ras/crdp-crsc-news.asp)

NOAA and Public Health Service: Contact your pay agencies.

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