



ISSUE BRIEF: ELIMINATE LONGEVITY MILITARY RETIRED PAY AND VA COMPENSATION OFFSETS

The Situation

- In 1891, Congress first prohibited payment of both military retired pay and disability pension under the premise that it represented dual or overlapping compensation for the same purpose. The original law was modified in 1941, and the present system of Department of Veterans Affairs (VA) disability compensation offsetting military retired pay was adopted in 1944.
- The fiscal year 2004 National Defense Authorization Act authorized Concurrent Retirement and Disability Payments (CDRP) for longevity military retirees with at least a 50% VA disability rating. This was phased in over a 10-year period from 2004 to 2013. In 2014, all offsets ended and military retirees with at least a 50% disability rating became eligible to receive their entire military retired pay and VA disability compensation.
- Veterans forced to medically retire under Chapter 61 have their military retirement pay offset for every dollar of VA disability compensation received. Service members medically retired under Chapter 61 are not allowed to receive both retired pay and VA disability compensation. These veterans are funding their VA compensation for service-related disabilities with part of their retirement pay.
- Longevity military retirees rated 40% disabled or less must still forfeit a portion of their retirement pay to receive VA disability compensation. Essentially, these military longevity retirees are funding their VA compensation for service-related disabilities with part of their retirement pay. These are two separately earned benefits and any offset between longevity military retired pay and VA compensation is unjust.
- Under current law, veterans are unfairly required to pay back separation pay from the Department of Defense if they later become eligible for VA disability benefits. Separation payments are made to eligible active and reserve service members who have completed at least six years but fewer than 20 years of active service. The lump-sum separation payment is not based on or due to disabilities incurred in service.

The Challenge

- In 2014, the Congressional Budget Office estimated that to extend benefits to all veterans, including those rated at 40% or less, who would be eligible for both disability benefits and military retired pay would cost \$30 billion from 2015 to 2024.
- In January 2019, the Congressional Research Service updated its report “Concurrent Receipt: Background and Issues for Congress,” and noted that many believe that concurrent receipt of both longevity military retired pay and VA compensation is double-dipping and are pressing for the sunset of concurrent receipt or streamlining the entire process.

The Solution

- DAV urges Congress to enact legislation to repeal the inequitable offset between rightfully earned military retired pay and VA disability compensation for all veterans, including medically retired veterans.
- DAV urges Congress to afford justice for veterans by enacting legislation that allows them to keep military separation payments based on their service, which differs from VA disability compensation.