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National Veterans Affairs and Rehabilitation Commission

1608 K Street, N.W. • Washington, D.C. 20006

K. Robert Lewis, Chairman - Connecticut

Peter S. Gaytan, Director - Maryland

25-06

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RETIRED AND ANNUITANT PAY: COMBAT-RELATED SPECIAL COMPENSATION (CRSC)

The Defense Finance and Accounting Service (DFAS) and the Department of Veterans Affairs (DVA) have finalized the plans to provide eligible retirees with their "complete" DoD military retirement entitlement to Combat-Related Special Compensation (CRSC) and/or Concurrent Retirement and Disability Pay (CRDP) and /or DVA disability compensation entitlement. Potential retroactive pay is due for more than 100,000 retiree accounts Individual amounts will vary based on differences in disability amount, and length of retroactive period. Retirees entitled to additional money from the DFAS will receive notification by mail of money due and a schedule of payment.

CRSC, which became effective in June 2003, provides non-taxable benefits to veterans disabled resulting from a combat injury. CRDP, effective in January 2004, provides taxable income to veterans disabled while serving in the U.S. Armed Forces (not necessarily in combat). Surviving spouses or deceased retirees' estates may also receive compensation.

DFAS began initial payments in September 2006 and the DVA plans to begin payments in October 2006. The basic criteria for a retroactive payment is for an individual currently in receipt of either CRSC or CRDP who received an increase in DVA compensation since June 2003 for CSRC or January 2004 for CRDP which was not offset from the retired pay entitlement on a current basis.

Completion of the majority of payments is expected within six months,

and it could take up to six more months to calculate and pay the most complex retroactive pay accounts. The majority of payments are being made utilizing a manual process. These involve multiple DVA rating adjustments since CRSC and CRDP began, shifts by retirees between these two types of payments, ex-spouse pay entitlements and any other issues that requires lengthy record searches. DFAS plans on paying the accounts with the oldest retroactive dates first. In some instances, recipients may be entitled to additional compensation from the DVA. In such instances, the DVA is responsible for the payments and will notify the affected retirees.

DFAS has established a toll free line that is operational from 8:00 to 4:30 (Eastern). Monday through Friday to address questions from CRSC and CRDP recipients who believe they might qualify. The toll free number is 1-877-327-4457.

QUICK FACTS

To be eligible, you must:

- Be a military retiree (Army, Navy, Air Force or Marine Corps).
- Meet all the requirements for either CRSC or CRDP eligibility
- Have received payment(s) of either CRSC on or after June 1, 2003; and/or CRDP on or after January 1, 2004.
- Awarded one or more increase in your percentage of disability by the VA on or after June 1, 2003.

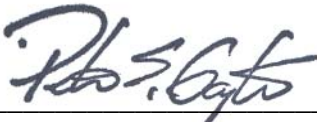
What will happen?

- Retirees need take no action to claim any funds.
- DFAS and DVA will use existing records to identify recipients.
- Recipients will be notified by letter of additional funds due.
- Retirees may be eligible for payment from DFAS as a restoration of retired pay or from DVA as a part of disability compensation.
- In cases where retirees are due money from DFAS and DVA, DFAS will provide information to DVA as needed. Retirees need take no action.

When things will happen:

- The first DFAS retroactive payments were made in September 2006.

- Due to the large number of cases, the payment process could take up to a year.
- Once all eligible retirees have been identified, DFAS will publish a general schedule on this Web site.
- All retirees who may be eligible for additional money are expected to be identified by October 1, 2006.



PETER S. GAYTAN, Director
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