

**VOLUME 7B, CHAPTER 64: “CONCURRENT RETIREMENT AND DISABILITY PAYMENT (CRDP)”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated September 2010 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated hyperlinks and reformatted to comply with current administrative instructions.	Update
All	Added titles for all paragraphs.	Add
640205	Rephrased and expanded verbiage to clarify the eligibility to CRDP when military service time is combined with civil service time. When military service time is used with civil service time to establish eligibility to civil service retirement, member is not eligible to receive CRDP; however, if it is used for the sole purpose of enhancing civil service retirement, member may be eligible for CRDP.	Update
6403	Provided inquiry method to be used when members believe they are entitled to CRDP but not receiving it. The submission of a written inquiry to DFAS for eligibility of CRDP would document and establish date submitted for statute of limitation.	Update
640402.E	Rephrased verbiage to clarify “retired pay” refers to “restored retired pay” which is CRDP.	Update
Bibliography	Added references to paragraph 640205 and 640403.	Add

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## CHAPTER 64

CONCURRENT RETIREMENT AND DISABILITY PAYMENT (CRDP)

## 6401 GENERAL

Effective January 1, 2004, eligible military retirees are entitled to concurrent receipt of both military retired pay and Department of Veterans Affairs (VA) disability compensation. The Concurrent Retirement and Disability Payment (CRDP) program provides for a 10-year phase-out of the offset to military retired pay due to receipt of VA disability compensation. The CRDP program provides a restoration of monthly retired pay calculated on the circumstances of each entitled individual.

## 6402 ELIGIBILITY

## 640201. Qualified Retiree

A qualified retiree must be a member or former member of the Uniformed Services who is entitled for any month to both retired pay and VA disability compensation that is based on a qualifying service-connected disability.

640202. [Qualifying Service-Connected Disability](#)

A qualifying service-connected disability is a service-connected disability (or combination of service-connected disabilities) that VA rates at 50 percent or higher.

640203. [Physical Disability Retirement](#)

Members retired for physical disability who have less than 20 years of service creditable for the purposes of computing retired pay are not eligible for CRDP, unless they have 20 years of service for determining entitlement to non-regular (reserve) retired pay and are otherwise eligible for such reserve retired pay.

640204. [Non-regular Retired Pay](#)

Members eligible for retirement for non-regular service are not eligible to receive CRDP until they reach retirement age and have applied for and have become entitled to receive retired pay.

\*640205. [Military Retired Pay Waived](#)

[A member who waives retired pay in order to credit military service for the purpose establishing eligibility for a civil service retirement, or for any reason other than to receive disability compensation from VA, is not eligible to receive CRDP payments. A member who combines his military time with his civil service time for the sole purpose of enhancing his civil service retirement may be eligible for CRDP. Members who are in receipt of a civil service retirement and believe they may be eligible for CRDP should consult the Civil Service](#)

Retirement System and Federal Employees Retirement System Handbook for Personnel and Payroll Offices for further information on eligibility. See also <http://www.opm.gov/retire/pubs/handbook/hod.htm>.

#### \*6403 APPLICATION

A member is not required to submit an application to receive CRDP payments. The Defense Finance and Accounting Service (DFAS) will establish procedures to ensure that qualified retirees receive CRDP to which they are entitled as specified in Appendix G. Members who believe they are entitled to CRDP but are not receiving it should submit a written inquiry to DFAS to ascertain the reason they are not currently receiving CRDP. The claim should be sent to DFAS, U.S. Military Retirement Pay, P.O. Box 7130, London, KY 40742-7130.

#### 6404 MONTHLY PAYMENT AMOUNT

Subject to the provisions of paragraphs 640401 and 640402, of this chapter, the monthly amount of retired pay restored under CRDP will be the amount of the offset imposed by receipt of VA disability compensation.

##### 640401. Special Rule for Disability Retirement

Members retired for disability under [10 United States Code \(U.S.C.\), Chapter 61, Sections 1201 through 1222](#) remain subject to the offset required under [38 U.S.C. 5304](#) and [5305](#) for any retired pay they receive that is in excess of the amount of retired pay to which they would be entitled under any other provision of law based on service in the uniformed services, had they not retired for disability. Since retired pay in excess of the amount calculated for years in service is still subject to offset under the CRDP program, a member with an amount of retired pay remaining after offset of VA disability compensation that is greater than the amount calculated for years of service, is not eligible for any increase in payment of retired pay under the CRDP program.

##### \*640402. Phase-in Period

During the phase-in period of January 1, 2004 through December 31, 2013, payments are limited to the amounts determined as described in subparagraph 640402.A-E. Effective January 1, 2014, qualified retirees will receive full concurrent payments of both retired pay and VA disability compensation subject only to the restriction in paragraph 640401.

A. Restored retired pay computed under CRDP will be determined monthly. The values that determine the amount of retired pay to be restored are dynamic and may change from one month to another depending on a number of factors that cause retired pay and VA disability compensation payments to change. Therefore, CRDP will be recomputed for any month of the phase-in period in which changes to retired pay or VA disability compensation occur.

B. The formula for computing retired pay under the CRDP program during the phase-in period is:

$$(\text{GRP} - \text{CBO}) + ((\text{CBO} - \text{2004 Base}) \times \text{Phase-in } \%) + \text{2004 Base}$$

Where:

GRP = Gross Retired Pay before any offset for VA Disability Compensation.

CBO = Current Baseline Offset which is the lesser of ARP and VADC.

ARP = Applicable Retired Pay which is that portion earned for years of service.

VADC = VA Disability Compensation is the monthly disability compensation received.

VADP = VA Disability Percentage as currently assigned by VA.

Phase-in % = the cumulative percentage for a specific calendar year during the phase-in.

2004 Base = the value assigned by law for a specific VA Disability Percentage.

C. The 2004 CRDP base rates are as follows:

<u>VADP</u>	<u>2004 CRDP Base</u>
100%	\$750
90%	\$500
80%	\$350
70%	\$250
60%	\$125
50%	\$100

D. The phase-in percentage rates for calendar years 2004 to 2013 are as follows:

<u>Calendar Year</u>	<u>Phase-in Percentage</u>
2004	00.00%
2005	10.00%
2006	28.00%
2007	49.60%
2008	69.76%
2009	84.88%
2010	93.95%
2011	98.18%
2012	99.64%
2013	99.96%

E. Calendar year 2004 is the baseline year for the phase-in. In calendar year 2004, the phase-in percentage is zero; therefore, a qualified retiree will be paid monthly **CRDP**

that is equal to the amount, if any, of their GRP in excess of their current baseline offset plus the 2004 CRDP baseline amount based on their VADP. The CRDP amount determined, however, may not exceed the amount of retired pay to which the member would otherwise be entitled after the phase-in period. For calendar years 2005 to 2013, a qualified retiree will be paid monthly retired pay in accordance with the calculation in subparagraph 640402.B. Again, the CRDP determined payable may not exceed the amount of retired pay to which the member would otherwise be entitled after the phase-in period. Use the 2004 CRDP base amount applicable to the retired member's current VADP for the current month of entitlement being calculated, regardless of the VADP percentage applicable in 2004. Use the Phase-in Percentage for the calendar year applicable to the current month of entitlement being calculated.

#### 640403. Exception to Phase-in Period

In the case of a qualified retiree receiving veterans' disability compensation for a disability rated as 100 percent, or 100 percent by reason of a determination of individual unemployability (IU), payment of retired pay is subject to the phase-in only during the period beginning on January 1, 2004, and ending on December 31, 2004. Subsequently, qualified retirees who received veterans' disability compensation at 100 percent shall be entitled to restoration of the full CRDP entitlement from the date of qualification if the 100 percent disability compensation was payable by reason of an IU rating and if prior to October 1, 2008 it was subject to the phase-in.

### 6405 RELATION TO OTHER PROVISIONS

#### 640501. Relation to Combat-Related Special Compensation (CRSC)

A member entitled to both CRDP and CRSC may receive either one or the other, but not both. An approved application for CRSC will cause the member's CRDP payments to be reconsidered. Unless the member elects otherwise, CRSC will be paid instead of CRDP if the member has applied for and been approved for such benefits and the gross CRSC entitlement is found to exceed the gross CRDP entitlement.

A. All members entitled to both CRDP and CRSC shall be provided an annual open season period during which the member may elect to change between the two programs.

B. Eligible members shall be notified of the opportunity to elect to change between CRDP and CRSC. The notification shall be based on the entitlement information available at the time the notice is provided, and shall specify the date that an election change will be effective.

C. Changes in the amount of a member's entitlement to either CRDP or CRSC, which occur after the close of an annual open season period, shall not be the basis to alter a current election between CRDP and CRSC prior to the next annual open season. This limitation includes changes in a member's VA disability rating, which have a retroactive effective date prior to the date that DFAS is notified of the change. NOTE: The limitation in the

prior sentence does not apply if maintaining the member's most recent CRDP or CRSC open season election would result in the member incurring a retired pay debt or losing the CRDP or CRSC entitlement altogether.

640502. Relation to Regular Retired Pay

As a restoration of retired pay, CRDP remains subject to the requirement to make direct payment of retired or retainer pay as property of a former spouse in compliance with court orders. Receipt of CRDP does not alter or affect any coverage under the Survivor Benefit Plan (SBP), but is available for deduction of any SBP premiums otherwise due. If a member has sufficient CRDP to cover SBP premiums, then such premiums will be deducted from CRDP. CRDP is also subject to a Treasury offset to recover a debt owed to the United States, as well as garnishment for child support or alimony. CRDP is subject to any other action or process, such as allotments, that applies to retired pay generally.

640503. Taxability

Payments of CRDP are taxable according to the taxability of the retired pay such payments represent, i.e., according to the taxability of the restored retired pay otherwise waived under [38 U.S.C. 5304](#) and [5305](#).

## \*BIBLIOGRAPHY

## CHAPTER 64 – CONCURRENT RETIREMENT AND DISABILITY PAYMENT (CRDP)

## 6401 General

Public Law 108-136, section 641,  
November 24, 2003  
10 U.S.C. 1414  
38 U.S.C. 5304  
38 U.S.C. 5305

## 6402 Eligibility

10 U.S.C. 1414

## 640203

10 U.S.C. 1201(b)(3)(A)  
10 U.S.C. 1208  
10 U.S.C. 1405  
10 U.S.C. 12732

## 640204

10 U.S.C. 12731

## 640205

5 U.S.C. 8332  
5 U.S.C. 8411

## 6404 Monthly Payment Amount

38 U.S.C. 5304  
38 U.S.C. 5305

## 640401

10 U.S.C. 1201 through 1222  
10 U.S.C. 12732  
38 U.S.C. 5304 and 5305

## 640403

Public Law 108-375, section 642,  
October 28, 2004  
10 U.S.C. 1414(a)(1)  
10 U.S.C. 1414(c)  
Public Law 110-181, section 642,  
January 28, 2008  
10 U.S.C. 1414 note

## 6405 Relation to Other Provisions

## 640501

10 U.S.C. 1413a  
10 U.S.C. 1414(d)



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640502	10 U.S.C. 1408 10 U.S.C. 1452
640503	38 U.S.C. 5304 38 U.S.C. 5305 26 C.F.R. 31.3401(a)-1(a)(2)