Combat-Related Special Compensation (CRSC)
Section 1413a,Title 10, United States Code, As Amended
Revised Program Guidance January 2004

GENERAL: This guidance supersedes that issued by PDUSD(P&R) Memorandum, May 21, 2003, and is effective January 1, 2004, with respect to entitlements for an otherwise qualified member for any month beginning on or after that date. Entitlements for months prior to January 2004, are payable under the requirements prescribed in the PDUSD(P&R) Memorandum of May 21, 2003, unless that guidance is specifically modified herein with respect to such periods.

TAX CONSIDERATIONS: The Armed Forces Tax Council (AFTC) has determined that all CRSC payments are exempt from Federal income tax under section 104 of title 26, United States Code.

FUNDING AND PAYMENT: The law continues to provide that Combat-Related Special Compensation (CRSC) is *not* military retired pay. Nevertheless, effective October 1, 2003, the source of funds for CRSC payments to members of the Army, Navy, Air Force, and Marine Corps, shall be from the Department of Defense Military Retirement Fund (MRF). The Defense Finance and Accounting Service (DFAS) will ensure, with respect to any payments made for a period during fiscal year 2004 and not paid from the MRF, are treated as if paid from the MRF, making the administrative adjustments as authorized under section 641(c)(6) of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136).

RELATIONSHIP TO OTHER PROVISIONS: Since CRSC is not retired pay, it is not subject to the provisions of section 1408 of title 10, United States Code, relating to payment of retired or retainer pay in compliance with court orders. CRSC is also not subject to any survivor benefit provisions of chapter 73 of title 10, United States Code. CRSC is subject to a Treasury offset to recover a debt owed to the United States, as well as to garnishment for child support or alimony.

NON-DOD UNIFORMED SERVICES: CRSC applies to retired members of any Uniformed Service, including retired members of the U.S. Coast Guard, and the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service. Non-DoD Services should modify these procedures as appropriate for their Departments with supplemental guidance and instructions to correlate responsibilities and effect implementation for their agency. Internal DoD processes and procedures should be shared with these Services to assist them in establishing parallel procedures as appropriate.

ENTITLEMENT: CRSC is a monthly entitlement and is to be paid only in whole month increments according to these procedures. To be entitled to CRSC, a member must file an application with the Military Department from which the member retired in

accordance with these procedures and meet the criteria prescribed. Applications for CRSC will be processed by the respective Military Department under these guidelines. A retiree is entitled to CRSC for each month during which, for the entire month, the retiree:

a. Has applied for and elected CRSC under these provisions, and
b. Meets Preliminary CRSC Criteria, and
c. Meets Final CRSC Criteria – (that is, has a qualifying combat-related disability or disabilities)

APPLICATION AND ELECTION OF CRSC: A member may not be paid CRSC unless he/she has applied for and elected to receive compensation under the CRSC program. Such application must be submitted in accordance with the procedures and criteria as prescribed herein using a current DD Form 2860. Earlier versions may be accepted by the Military Department as long as the member provides the information and documentation needed to determine CRSC entitlement. Members seeking CRSC compensation will submit CRSC applications to the designated office of the Military Department from which they retired. Members may submit an application for CRSC at any time and, if otherwise qualified for CRSC, compensation will be paid retroactively, to the extent otherwise allowed by law, for any month after May 2003, for which all conditions of eligibility were met, determined according to the requirements and entitlements as they applied each month for which benefits are considered.

ELECTION OF CRSC UNDER SECTION 1413a OF TITLE 10, UNITED STATES CODE, OR SPECIAL COMPENSATION UNDER SECTION 1413 OF THE SAME TITLE: Benefits under section 1413 of title 10, United States Code, were repealed, effective January 1, 2004. However, for periods before that date, the law required that a member eligible for both CRSC, as provided by section 1413a of title 10, United States Code, and Special Compensation for Severely Disabled retirees (SCSD), as previously provided by section 1413 of title 10, United States Code, may not receive both. DFAS will pay the member for such periods by offsetting and adjusting payments and accounts as appropriate to the revised entitlements compared to those previously paid.

ELECTION OF CRSC UNDER SECTION 1413a of TITLE 10, USC, OR CONCURRENT RETIREMENT AND DISABILITY PAYMENTS UNDER SECTION 1414 OF THE SAME TITLE: The law requires that a member eligible for both CRSC, as provided by section 1413a of title 10, United States Code, and Concurrent Retirement and Disability Payments (CRDP), as provided by section 1414 of title 10, United States Code, may not receive both but must elect which compensation to receive.

DFAS will pay CRDP to an otherwise qualified member unless that member has an approved application for CRSC. A member may not be paid both CRSC and CRDP. An approved application for CRSC will cause the member's CRDP payments to be reconsidered. CRSC payments will apply instead of CRDP if the member has applied for and been approved for such benefits and they are found to

exceed the amount payable under CRDP unless the member elects otherwise as prescribed below. The option to allow the finance center to elect the greater payment will be incorporated in the CRSC application form. The finance center will advise the member which of the two payments is being paid pursuant to this election and will also provide further notice in the event the amounts payable under either program cause such election to change. A member will be allowed one opportunity annually to reverse the current election. This allows the member to assess the impact of annual adjustments to retired pay, VA disability compensation, CRSC, and CRDP. DFAS will prescribe the content and procedures to effect such elections and advise members to ensure they are aware of their options.

PRELIMINARY CRSC CRITERIA: A retired member of the Uniformed Services who meets each of the four following conditions will be considered to meet the Preliminary CRSC Criteria:

1. **Has 20 or more years of service in the Uniformed Services for purposes of computing the amount of retired pay or is entitled to retired pay under section 12731 of title 10, United States Code, unless such retirement is under section 12731b of that same title.**

    a. NOTE 1: Members retired under the provisions of section 4403 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484), October 23, 1992, commonly referred to as the TERA program -- Temporary Early Retirement Authority -- are not generally eligible unless the member is credited with sufficient service for a 50% multiplier or has been recalled to active duty long enough to accumulate 20 years or more of service in the Uniformed Services for purposes of computing the amount of retired pay. Service in Public And Community Service (PACS) positions creditable for re-computation of retired pay at age 62 does not count for these purposes. The 20 years of service required for computing the amount of retired pay (other than non-regular --reserve-- retirements) may be inferred from the retired pay multiplier. However, the Military Departments are not bound by such presumption if there is documentary information to the contrary, such as a TERA retirement. In such cases the Military Departments shall base their determinations on the documentary information available.

    Example: Consider a member with a 50% multiplier who is a TERA retiree with a 10% increase in retired pay granted on the basis of extraordinary heroism. Such documentary information would be used to deny CRSC qualification.

    b. A member who retired for years of service (not for disability under chapter 61 of title 10) who has a retired pay multiplier not less than 50 percent, or

a member retired under REDUX who is still under age 62 with a retired pay multiplier not less than 40 percent, may be presumed to have 20 years of service for retired pay computation purposes. A member who retired under chapter 61 of title 10 should be evaluated in terms of what the multiplier would be if not retired for disability. Reserve Personnel Centers may need to provide evidence of qualifying service under section 12731 of title 10, United States Code.

c. NOTE 2. For months beginning on or after January 1, 2004, the requirements applicable to Reserve retirements is changed as described below. For months prior to that month, reserve retirees had to have 7,200 points to qualify for CRSC. A retired Reservist with retired pay computed under section 12731 of title 10, United States Code, is eligible for CRSC unless retired for disability under section 12731b of title 10, United States Code, with more than 15 but less than the 20 years required under section 12731(a)(2) of title 10, United States Code. Specifically, those retired under the Temporary Early Retirement Authority for Reserves (Reserve TERA) as prescribed in section 12731a of title 10, United States Code, and served fewer than 20 years but were considered to meet the criteria of 10 USC 12731(a)(2) are eligible under these provisions.

2. **Is in a retired status (i.e., is on the retired rolls, or has been transferred to the Fleet Reserve or Fleet Marine Corps Reserve).**

   a. NOTE: Members recalled to, or retained on, active duty are not, for the purposes of CRSC, in a retired status during the period of such recall or retention.

3. **Is entitled to retired pay, notwithstanding that such retired pay may be reduced due to receipt of VA disability compensation.**

   a. A member who waives military retired pay in order to credit military service for purposes of a civil service retirement, or for any reason other than to receive disability compensation from the VA, is not eligible for CRSC.

   b. A reservist not yet entitled to retired pay due to not yet having attained age 60 is not eligible to receive CRSC payments.

4. **Has qualifying disability ratings (percentages):** A retiree must be entitled to compensation for service-connected disabilities under title 38, United States Code, by the VA.

If a member does not satisfy each of the Preliminary CRSC Criteria in paragraphs 1 through 4 above, no further consideration by the Military Department is necessary. The member does not meet Preliminary CRSC Criteria and the application will be denied accordingly. A member should reapply at such time as his/her ratings satisfy the specified thresholds and he/she meets all four Preliminary CRSC Criteria.

Note that while disability ratings by the Secretary of the Military Department, as of the date on which the member retired, may be used to help make determinations of whether the member meets Preliminary CRSC Criteria, the actual computation of CRSC amount (see section below -- Monthly Amount of CRSC) is based solely on VA disability determinations and the amount of VA compensation paid, without regard to any disability that is not combat related. Military retirement decisions may be used to determine whether such disabilities are combat-related.

If the applicant meets each of the Preliminary CRSC Criteria of paragraphs 1 through 4 above, the Military Departments will determine whether the member's disabilities are qualifying combat-related disabilities as prescribed below.

FINAL CRSC CRITERIA -- QUALIFYING COMBAT-RELATED DISABILITY: A retiree is entitled to CRSC only if the Service determines that the member has Combat-Related Disabilities (which includes any Purple Heart Disabilities) that are compensated by the VA.

> **PURPLE HEART DISABILITY: A Purple Heart Disability is a disability with an assigned medical diagnosis code from the VA Schedule for Rating Disabilities (VASRD) that was attributed to injuries for which the member was awarded a Purple Heart.**
>
> If a member meets the Preliminary CRSC Criteria and has been awarded a Purple Heart, the Military Department must determine which disabilities of the member, if any, are attributable to such Purple Heart injuries. If the member has not been awarded a Purple Heart, no such determinations will be made.
>
> Determination that a disability is a Purple Heart Disability requires documentary information that there is a sufficient causal relationship between the disability and the injury for which a Purple Heart was awarded to conclude that the disability is attributable to such injury. Such a disability will be classified as a Purple Heart Disability and will also be included in any other CRSC determinations based on combat-related disabilities. With respect to an application of a retiree who meets Preliminary CRSC Criteria and who was awarded the Purple Heart, the Military Department will record whether or not each disability rated by the VA is or is not attributable to an injury for which the member was awarded the Purple Heart.

OTHER COMBAT-RELATED DISABILITIES: A combat-related disability is a disability with an assigned medical diagnosis code from the VASRD that was incurred:

a. As a direct result of armed conflict,
b. While engaged in hazardous service,
c. In the performance of duty under conditions simulating war, or
d. Through an instrumentality of war.

The Military Departments will determine whether a disability is combat-related under a, b, c, or d, above, using the definitions and criteria set forth in attachment 1-1 and this memorandum.

The Military Department shall record for each disability determined to be combat-related which of the circumstances above (a, b, c, or d) qualifies the disability as combat-related.

A determination of combat-relatedness will be made with respect to each separate disability with an assigned medical diagnosis code from the VASRD.

A retiree may have disabilities that are not combat-related. Such disabilities will not be considered in determining eligibility for CRSC or the amount of CRSC payable.

With respect to VA awards of service-connection based on presumptive conditions under the provisions of sections 1112(b)-(c), 1116, 1117, and 1118 of title 38, United States Code, and of 38 CFR 3.316, CRSC determinations will presume such disability to also be combat-related if the VA Initial Rating Form (or other substantiating documentary information) indicates that the VA rating for the disability is based on such presumption. Thus, disabilities rated by the VA on the basis of POW status, exposure to radiation, mustard gas or lewisite, Agent Orange, and those disabilities associated with Persian Gulf service that are presumed by the VA to be service-connected shall be presumed by the Military Department to be combat-related absent documentary information that the disability was incurred under circumstances that were not combat-related.

With respect to VA awards of service-connection for presumptive conditions under section 1112(a) of title 38, United States Code, and Post Traumatic Stress Disorder (PTSD - VASRD Code 9411), the Military Department must independently determine the relationship between that disability and the qualifying criteria.

The Military Departments are not bound by any presumption described above if there is documentary information that the disability is not combat-related. The Military Departments shall base their determinations on such information.

An uncorroborated statement in a record that a disability is combat-related will not, in and of itself, be considered determinative for purposes of meeting the combat-related standards for CRSC prescribed herein. CRSC determinations must be made on the basis of the program criteria.

SPECIAL MONTHLY COMPENSATION (SMC): Each Military Department will make special determinations regarding any member determined to have combat-related disabilities under the Combat-Related Special Compensation (CRSC) program who also receives SMC from the VA under section 1114(k)-(s) of title 38, United States Code.

The Service need not make such determination for any member who would not receive added compensation even if SMC was determined to be combat-related. For instance, if a member has been determined to have a CRSC rating of 100% but has a retired pay entitlement of less than $2,000, there will be no added benefit from any SMC under the CRSC program and there is no need to make the determination. The amount of retired pay already restored under the CRSC compared to the member's maximum retired pay entitlement is conclusive in this instance. Any SMC on such member will be passed to DFAS as undetermined as to combat-relatedness (U-SMC). Such members include those who have fewer years of service than the amount indicated for their retired grade according to the following table if rated as 100% combat-related. The Director of Compensation, ODUSD(MPP) may issue changes to these grade and years of service combinations to better reflect known retired pay thresholds that would normally exclude members from any additional CRSC entitlement. Any member whose SMC is undetermined as a result of this screening, but who is later found to have the potential for added compensation under the CRSC program would have their SMC reevaluated for combat-relatedness by the Military Department.

Table of Grade and Years of Service
Not Requiring SMC Determinations

E-6	30	W-1	26
E-7	24	W-2	23
E-8	22	W-3	21
E-9	21	O-1	30
		O-2	26

For members whose CRSC compensation could be increased as a result of an SMC determination, the Military Departments will first determine whether all their VA compensated disabilities have been determined to be Combat-Related disabilities under the CRSC program. If so, the member's SMC should be classified as Combat-Related SMC, CR-SMC, and DFAS notified accordingly. This is simply a recognition that no other disabilities exist that could cause the SMC to not be considered combat-related.

For any remaining members with disabilities compensated by the VA that are both combat-related and others not combat-related, the Military Department will attempt to classify each award of SMC as either Combat-Related Special Monthly Compensation (CR-SMC) or not (NonCR-SMC) consistent with the corresponding determination of the diagnostic codes on which the SMC is based. DFAS will be notified of all such determinations. The Director of Compensation, ODUSD(MPP), will coordinate with the VA to provide the Military Departments informational descriptions of the compensation classification schemes used by the VA to award different types of SMC. The VA has provided a point of contact to assist the Military Departments in making determinations that are unusual. The classification of SMC as combat-related will be based on the evidence that is consistent with the compensation classification schemes of the VA, but will disregard any disabilities of the member that are not combat-related.

DFAS will include any CR-SMC in CRSC computations.

PROCESSING OF APPLICATIONS: Each Military Department will receive and process CRSC applications submitted by members retired from that Military Department. Applications will be reviewed, and an application will be approved only if the applicant satisfies both Preliminary and Final CRSC criteria. The member's respective finance center will be notified of an approved application for processing and payment as appropriate. If the applicant does not satisfy both sets of criteria, the application will be denied. The member may reapply at such time as he/she satisfies the specified criteria or is able to present documentation establishing that all criteria have been satisfied. Military Departments will notify members of all decisions with respect to their applications.

When an application is denied, the Military Department will inform the member of: (1) the reason for denial and (2) the options for reconsideration and/or appeal (see section below—DENIAL AND APPEALS). Reasons for denial should state any criteria the application fails to meet. The Director of Compensation, ODUSD(MPP) will coordinate with the Military Departments to prepare a listing of criteria that can be used as a checklist for this purpose. Each Military Department will retain all records related to applications and their disposition until further guidance is provided concerning record retention policy.

The objective in processing a CRSC application is to determine whether an applicant can be identified as a Uniformed Services retiree, determined to meet Preliminary CRSC Criteria, and if so, determined to meet Final CRSC Criteria. Final CRSC Criteria requires a determination by the Military Department of which, if any, of the member's disabilities compensated by the VA are Purple Heart Disabilities and/or combat-related disabilities. VA ratings are the sole discretion of the VA and not subject to challenge through the CRSC program. If the member disagrees with the evaluation assigned by the VA, the retiree must seek an increased evaluation through the VA.

BASIS FOR DETERMINATIONS: Determinations of whether a disability is combat-related will be based on the preponderance of available documentary information where quality of information is more important than quantity. All relevant documentary information is to be weighed in relation to known facts and circumstances, and determinations will be made on the basis of credible, objective documentary information in the records as distinguished from personal opinion, speculation, or conjecture.

The burden of proof that a disability is combat-related rests with the applicant and members will be required to provide copies of documents in their possession to the best of their ability. A record submitted by a member may be used in support of his/her application if that record appears regular on its face and is consistent with Military Service documents and procedures in use at the time, based on the best information available. Military Departments may compile a list of typical documents used in various time periods (with samples, as appropriate).

When documentary information provided by the member, in conjunction with automated Service records, is insufficient to support a determination that the disability is combat-related, the Military Departments may seek such additional documentary information as would likely be useful in making their determinations. Such information may include documents from the National Personnel Records Center and/or the VA. The VA, has agreed to provide a record extract to support CRSC determinations at the specific request of a Military Department. The Services will file such requests in accordance with procedures established by the VA point of contact for this program. In response to such requests, the VA will provide a record extract containing:

a. A copy of any DD Form 214s on file.
b. A copy of the Service Medical Record
c. A copy of any final ratings prepared by the VA.

DENIAL AND APPEALS: When a Military Department denies a CRSC application, it will provide a letter to the member specifying the reason(s) for the denial. The Military Department will inform the member that he/she may seek reconsideration by submitting additional, clarifying, and/or new documentary information to the Military Department in support of his or her application. The Military Department will review the additional, clarifying, and/or new documentary information and will inform the member of the results of the review. The Military Department will also inform the member that CRSC is subject to the same appeals and correction processes applicable to military pay and allowances generally, including application to the appropriate Board for Correction of Military Records (BCMR) under the provisions of section 1552 of title 10, United States Code. The Military Department will provide the member a DD Form 149, Application for Correction of Military Records, and the address of the BCMR, including its website. In considering an application where the issue of whether a disability is combat-related for

the purposes of CRSC, the BCMR will seek an advisory opinion from the Director of Compensation, Office of the Deputy Under Secretary of Defense (Military Personnel Policy), and comply with the requirements of section 1556 of title 10, United States Code. The BCMR will provide the Director of Compensation a copy of any final decision concerning any application involving a determination as to whether a disability is combat-related.

MONTHLY AMOUNT OF CRSC: The monthly amount of CRSC is equal to the Full Monthly Amount prescribed in paragraph a. below, reduced as prescribed in paragraph b. and limited according to paragraph c.

a. **Full Monthly Amount:** The monthly amount of disability compensation the member would be paid by the VA under the provisions of title 38, United States Code, if compensated solely for the disabilities determined to be attributable to an injury for which the member received the Purple Heart or determined to be otherwise combat-related, as described above. Applicable compensation is set forth in chapter 11 of title 38, United States Code.

   Example a-1: A member with a spouse and two children has qualifying combat-related disabilities rated at 100% by the VA. The member's current monthly VA benefit amount is $2,523 -- the prescribed rate for a 100% disability for a veteran with a spouse and two children. The Full Monthly Amount for CRSC purposes is based on this full rate and not just the veteran alone amounts, as applied to CRSC for periods beginning on or after January 1, 2004. Thus, the CRSC full monthly amount is $2,523. Use the previous guidance for benefits applicable to periods before January 2004.

Compensation for Dependents: Additional compensation for dependents is to be included as part of any applicable CRSC compensation. DFAS will use the same dependency rates for the combat-related compensation as the VA uses to determine the members full disability compensation. For example, if a member is compensated by the VA at the 100% disability rate for a veteran with spouse and one child and the Combat-related percentage is 60%, the CRSC will be determined as the 60% rate for a veteran with a spouse and one child. The rates of such compensation are set forth in section 1115 of title 38, United States Code.

Amounts of SMC will be considered as part of CRSC compensation only if the SMC is paid on the basis of disabilities determined by the Military Department to be combat-related, as described above.

Retirees Considered Unemployable: DFAS shall establish a process in coordination with the VA to ascertain whether a member is compensated by the VA under section 1114(j) of title 38, United States Code, by virtue of such rating on the

basis of being unemployable (IU) under the provisions of 38 CFR 4.16 or 4.18 for any member whose current combined combat-related disability percentage is 60% or greater. Such members shall be given a combined CRSC disability rated as total (100%). This information can be obtained from the VA M-13 screen under the EMPL field. An entry of "NO" in this field indicates the retiree is in receipt of compensation under IU.

b. **Reduction for Chapter 61 retirees:** The Full Monthly Amount specified in paragraph a. above will be reduced by the amount by which a member's current retired pay under chapter 61 exceeds the amount of retired pay the member would receive if retired under any other provision of law based on service in the Uniformed Services.

Example b-1: The same member, as described in example a-1, retired after 22 years of service with high-three basic pay of $3,000 and has been determined to have a qualifying combat-related disability rated at 100% by the VA. However, the member was retired under chapter 61 with a disability rating from the Secretary of the Military Department of only 60%. Thus, the member receives retired pay of $1,800 monthly (60% of $3,000). Had this member retired under longevity provisions with 22 years of service, the retired pay would have been $1,650 monthly (55% of $3,000). The member's CRSC payment will be reduced by the difference in these two amounts, or $150 ($1,800 - $1,650). This reduction reflects the amount by which his disability retired pay exceeds his longevity retired pay. The member's potential CRSC benefit would now be reduced from $2,523, as determined under Step a., to $2,373 under Step b. ($2,523 minus $150).

Note: A retired Reserve who was retired under the provisions of chapter 61 with fewer than 20 years of active service but who would be qualified for retired pay under chapter 1223 upon attainment of age 60 will be considered under that provision of law. Thus, until age 60, there can be no entitlement. CRSC benefits may begin at 60 years of age, but will be reduced under this paragraph by the amount of retired pay in excess of what the member's reserve retired pay would be if paid.

c. **Maximum Amount:** The maximum CRSC payment may not exceed the current reduction in retired pay applicable to the retiree under sections 5304 and 5305 of title 38, United States Code. Thus, CRSC is not payable if there is no reduction under sections 5304 and 5305 because the member is not receiving any monthly disability compensation from the VA, or because the member is not receiving retired pay for other reasons (such as a member who waives military retired pay in order to credit military service for a civil service retirement). The final amount of a member's CRSC entitlement plus any amount of retired pay not offset under sections 5304 and 5305 of title 38, United States Code, cannot be greater than the member's full retired pay entitlement.

1. The two disabilities of 40% and 30% leave efficiencies of 60% and 70%.
2. These multiply against each other as 60% * 70% = 42%.
3. The disability is 100% - 42% = 58%.
4. Adjust this result upward to 60% combined disability rating.

VA Retroactive Increase: When the VA makes a retroactive increase in a member's VA disability compensation pertinent to a member's combat-related disabilities under CRSC, no retroactive amount will be paid under CRSC as there is no retroactive adjustment in retired pay for such increased compensation. Any increase affecting CRSC qualified disabilities in the current month requires that CRSC be recomputed. DFAS may coordinate payments with the VA to account for retroactive adjustments of VA entitlements by crediting one payment against the other in determination of amounts due the member so as to pay the member the re-determined entitlement, but no more.

RESPONSIBILITIES WITHIN DOD: In order to facilitate the implementation and administration of section 1413a of title 10, United States Code, each agency with responsibilities shall designate a point of contact to the Director of Compensation, Office of the Deputy Under Secretary of Defense (Military Personnel Management), or OSD Director of Compensation.

DIRECTOR OF COMPENSATION, OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE (MILITARY PERSONNEL POLICY): The Director of Compensation shall:

a. Serve as the central point of contact among all agencies that have implementation responsibilities and coordinate resolution of problems that might prevent timely payment of CRSC.
b. Develop and maintain a CRSC application form.
c. Provide assistance to the Military Departments in the interpretation of guidance and application requirements, to include the provision of examples to explain and compute CRSC.
d. Provide advisory opinions upon request of a Board for Correction of Military Records.
e. Collect information from the Military Departments to assess the consistency and uniformity of determinations under this program and pursue supplemental guidance as necessary to achieve reasonable uniformity.
f. Collect information on entitlement to SMC and form a working group to propose a comprehensive method for making combat-related determinations on such compensation no later than June 1, 2004.

DEFENSE FINANCE AND ACCOUNTING SERVICE: DFAS shall:

a. Receive determinations on combat-related disabilities from the Military Departments and coordinate that information with information provided by the Department of Veterans Affairs relating to such disabilities. DFAS will exchange such data with the VA as needed to support the continuing adjustment of CRSC payments, including the determination of when a member is rated as unemployable.
b. Compute the CRSC amount payable based on the determinations of the Military Departments and data provided by the VA.
c. Develop and implement standard accounting and administration policies needed to support payment of CRSC.
d. Assist Services in their determinations of whether CRSC applicants meet Preliminary CRSC Criteria.
e. Seek revisions to the VA/DoD MOU as appropriate to support this program.

MILITARY DEPARTMENTS: Each Department shall:

a. Identify for DFAS a primary Point of Contact for CRSC funding issues. The POC must ensure DFAS has access to funds required to pay CRSC.
b. Provide an address for members to submit applications for CRSC.
c. Implement a review and determination process for the CRSC applications submitted by members retired from that Military Department,
d. Report to DFAS all determinations regarding members entitled to CRSC in a manner prescribed by DFAS.
e. Support DFAS with timely and accurate data on retirees of the Military Department.
f. Provide timely correction of erroneous data or records.
g. Refer issues raised in the administration of the program to the OSD Director of Compensation.
h. Provide information to the OSD Director of Compensation requested in support of appeals and reviews of policy issues.
i. Submit information and reports to the OSD Director of Compensation, as required herein or as later requested by the Director of Compensation.

Combat Related Special Compensation (CRSC)

Combat Related Special Compensation (CRSC) is a program that was created for disability and non-disability military retirees with combat-related disabilities. It is a tax free entitlement that you will be paid each month along with any retired pay you may already be receiving.

Eligibility
To qualify for CRSC you must:

- be entitled to and/or receiving military retired pay
- be rated at least 10 percent by the Department of Veteran's Affairs (VA)
- waive your VA pay from your retired pay
- file a CRSC application with your Branch of Service

Disabilities that may be considered combat related include injuries incurred as a direct result of:

- Armed Conflict
- Hazardous Duty
- An Instrumentality of War
- Simulated War

Retroactive Payment
In addition to monthly CRSC payments, you may be eligible for a retroactive payment. DFAS will audit your account to determine whether or not you are due retroactive payment. An audit of your account requires researching pay information from both DFAS and VA.

If you are due any money from DFAS, you will receive it within 30-60 days of receipt of your first CRSC monthly payment. If DFAS finds that you are also due a retroactive payment from the VA, we will forward an audit to the VA. They are responsible for paying any money they may owe you.

Your retroactive payment date may go back as far as June 1, 2003, but can be limited based on:

- your overall CRSC start date as awarded by your Branch of Service
- your Purple Heart eligibility
- your retirement date
- your retirement law (disability or non-disability)
- six-year barring statute

Disability retirees with less than 20 years of service will be automatically limited to a retroactive date of January 1, 2008 as required by legislation passed by Congress effective 2008.

All retroactive pay is limited to six years from the date the VA awarded compensation for each disability.

If you have questions about your CRSC eligibility, please call us at **800-321-1080** or contact your Branch of Service.

Page updated October 9, 2013

Combat-Related Disabilities as a Result of :

AC | HS | SW | IN | Other

Armed Conflict

1. War
2. Guerrilla action
3. Area Occupation
4. Battle, invasion, rebellion, riot, etc.
5. Terrorist Actions
6. POW/detained against will

Hazardous Service

1. Aerial Flight
2. Parachute Duty
3. Demolition Duty
4. Experimental Stress Duty
5. Diving Duty
6. Other Hazardous service

Simulating War

1. Tactical Exercises
2. Airborne Ops
3. Leadership Course/Repelling
4. Grenade/Live Fire Practice
5. Bayonet Training
6. Hand-to-Hand
7. Obstacle Course

Instrument of War

1. Vehicle/device designed for Military Service
2. Accidents with combat vehicle
3. Military Weapon
4. Explosion of ordnance, vehicle and material

Other

1. Agent Orange
2. Radiation
3. Persian Gulf War
4. Mustard Gas or Lewisite

APPENDIX A - COMBAT-RELATED CODES

PURPLE HEART (PH) - The disability resulted from an injury for which you were awarded the Purple Heart. Evidence should clearly show that the injury was associated with an incident involving armed conflict, such as shrapnel wounds due to a mortar attack. Documentation must include a copy of the Purple Heart citation and DD Form 214 reflecting the award and injury, or the Purple Heart citation, and excerpts from the Service Medical Record that correspond to the date and document the treatment of the Purple Heart injury.

DIRECT RESULT OF ARMED CONFLICT (AC) - The disability was incurred in the line of duty as a direct result of armed conflict. The fact that a member incurred the disability during a period of war or an area of armed conflict or while participating in combat operations is not sufficient by itself to support a combat-related determination. There must be a definite, documented, causal relationship between the armed conflict and the resulting disability. Armed conflict includes a war, expedition, occupation of an area or territory, battle, skirmish, raid, invasion, rebellion, insurrection, guerrilla action, riot, or any other action in which Service members are engaged with a hostile or belligerent nation, faction, force, or terrorists. Armed conflict may also include such situations as incidents involving a member while interned as a prisoner of war or while detained against his or her will in custody of a hostile or belligerent force or while escaping or attempting to escape from such confinement, prisoner of war, or detained status.

IN THE PERFORMANCE OF DUTY UNDER CONDITIONS SIMULATING WAR (SW). - The disability was incurred in the line of duty as a result of simulating armed conflict. The fact that a member incurred the disability during a period of simulating war or in an area of simulated armed conflict or while participating in simulated combat operations is not sufficient by itself to support a combat-related determination. There must be a definite, documented, causal relationship between the simulated armed conflict and the resulting disability. In general, this covers disabilities resulting from simulated combat activity during military training, such as war games, practice alerts, tactical exercises, airborne operations, grenade and live fire weapons practice, bayonet training, hand-to-hand combat training, rappelling, and negotiation of combat confidence and obstacle courses while in full combat gear. Physical training activities such as calisthenics and jogging or formation running and supervised sports activities are not included.

WHILE ENGAGED IN HAZARDOUS SERVICE (HS) - The disability was incurred during performance of duties that present a higher degree of danger to Service personnel due to the level of exposure to actual or simulated armed conflict. The fact that a member incurred the disability during a period of hazardous service is not sufficient by itself to support a combat-related determination. There must be a definite, documented, causal relationship between the hazardous service and the resulting disability. Such service includes, but is not limited to, aerial flight, parachute duty, demolition duty, experimental stress duty, diving duty, and rescue missions.

INSTRUMENTALITY OF WAR (IN) - The disability was incurred in the line of duty as a result of an instrumentality of war. An instrumentality of war is a vehicle, vessel, or device designed primarily for Military Service and intended for use in such Service at the time of the occurrence or injury. Incurrence during an actual period of war is not required; however, there must be a direct, documented, causal relationship between the instrumentality of war and the resulting disability. The disability must be incurred incident to a hazard or risk of service and be caused by the device itself. Instrumentalities not designed primarily for Military Service if use of, or occurrence involving, such instrumentality subjects the individual to a hazard peculiar to Military Service, are included. Such use or occurrence differs from the use or occurrence under similar circumstances in civilian pursuits. An example of this would be injuries sustained while engaging in pugil stick training using a broomstick, where the broomstick replaces the weapon and causes the injury. A determination that a disability is the result of an instrumentality of war may be made if the disability was incurred in any period of service as a result of such diverse causes as wounds caused by a military weapon, accidents involving a military combat vehicle, injury or sickness caused by fumes, gases, or explosion of military ordnance, vehicles, or material. For example, if a member is on a field exercise and is engaged in sporting activity and falls and strikes an armored vehicle, the injury will not be considered to result from the instrumentality of war (armored vehicle) because it was the sporting activity that was the cause of the injury, not the vehicle. On the other hand, if the individual was engaged in the same sporting activity and the armored vehicle struck the member, the injury would be considered the result of an instrumentality of war.

AGENT ORANGE (AO) - The disability was incurred as a result of Agent Orange exposure (herbicides). For these disabilities to be considered combat related, they must be specifically granted by the Department of Veterans Affairs (VA) as presumptive to Agent Orange exposure (herbicides). For consideration, the initial VA Rating Decision for the claimed disability must show not just Service connection, but the specific causes of the condition; such as, member has Diabetes due to Agent Orange exposure (herbicides). In addition, for secondary conditions to be granted as combat related, they must be specifically granted by the VA as secondary to the Agent Orange condition; such as, member's Hypertension is secondary to Agent Orange Diabetes. If the conditions were diagnosed after Vietnam service and prior to retirement, evidence must show the date of diagnosis and proof of Vietnam service. Proof of Vietnam service can include but is not limited to service medical records, evaluations, decoration citations, travel vouchers or PCS orders.

RADIATION EXPOSURE (RE) - The disability was incurred as a result of combat-related radiation exposure. Combat-related radiation exposure includes documented, onsite participation in a test involving the atmospheric detonation of a nuclear device; the occupation of Hiroshima or Nagasaki, Japan, by the United States forces during the period beginning on August 6, 1945, and ending on July 1, 1946; internment as a prisoner of war in Japan during World War II; or service in Paducah, Kentucky, Portsmouth, Ohio; or the area identified as K25 at Oak Ridge, Tennessee for at least 250 days before February 1, 1992.

GULF WAR (GW), MUSTARD GAS OR LEWISITE (MG) - These codes relate to disabilities awarded by the VA on the basis of presumption relating to service in the Persian Gulf War or exposure to Mustard Gas or Lewisite, even though there is no direct connection and the disability did not occur immediately. For consideration, the initial VA Rating Decision for the claimed disability must show not just Service connection, but the specific cause of the condition, such as, member has developed Fibromyalgia from service in the Persian Gulf War. Documentation should also describe the place, period, and conditions of exposure. In addition, for secondary conditions to be granted as combat-related, they must be specifically granted by the VA as secondary to the condition developed from service in the Persian Gulf War or exposure to Mustard Gas or Lewisite; such as, member's Scars are secondary to Chronic Obstructive Pulmonary Disorder from exposure to Mustard Gas.

FACT SHEET

U.S. Air Force Fact Sheet

COMBAT-RELATED SPECIAL COMPENSATION ELIGIBILITY

All retirees with a combat-related disability are eligible to apply for Combat Related Special Compensation determination provided they meet the following four basic eligibility criteria:
-- be in retired status, or retirement at the age of 60 for personnel serving in the Reserves and Air National Guard
-- be in retired status;
-- be receiving military retired pay; and
-- have a combined Department of Veterans Affairs disability rating of at least 10 percent and have waived some or all military retired pay to receive VA disability compensation.
If you have been rated by the VA and have not agreed to have your retirement pay offset by the VA disability compensation, you must contact the VA to complete a VA Form 21-651, "Election of Compensation in Lieu of Retired Pay or Waiver of Retired Pay to Secure Compensation from Department of Veterans Affairs."

For CRSC to be approved, you must meet the above four basic eligibility criteria, and there must be sufficient evidence to confirm your VA disability meets the combat-related criteria established by law, as in directly attributed to armed conflict, hazardous service, simulating war, instrumentality of war or conditions considered presumptive to exposure to Agent Orange, internment as a prisoner of war and so forth.

As mentioned above, you **must have a Veterans Affairs disability rating** to qualify for CRSC. While you may be eligible for CRSC because you have a combat-related disability, in order to be paid the compensation, you must be receiving VA disability compensation. This means, you must have your disabilities rated by the VA, and have waived your military retirement pay to receive the VA compensation, before you can apply for CRSC.

With the exception of certain presumptions made by the VA, neither the **location nor the timeframe of an injury or illness automatically qualifies it as combat-related**. The specific circumstances of the event causing the injury or illness determine if it is combat-related. For instance, if you trip over a box during the normal performance of duty in a war zone, the injury from that fall would not be considered combat-related. However, if you trip over a box diving for cover during an enemy attack the injury from the fall would be considered combat-related. All circumstances are unique; therefore, if you believe your condition is combat-related, we strongly encourage you to apply.

Active duty personnel who believe their medical conditions may qualify them for CRSC may become eligible once they retire and have their medical conditions evaluated by the VA. Remember, the purpose of the program is to restore military retirement pay that has been offset by VA compensation when medical conditions are found to be combat-related. If you are not receiving military retirement pay and do not meet the basic eligibility criteria, you may not apply for CRSC. We recommend reviewing service medical record to ensure all potential conditions are thoroughly documented prior to retirement. After you retire, contact your local or regional VA office to apply for service-connected disability compensation. Once the VA determines your conditions are service-connected and you are receiving VA compensation,

you may apply for CRSC.

If a veteran **submits a claim for CRSC before death, and receives approval**, the estate is entitled to payment of CRSC from the CRSC payment effective date through the last full month prior to the veteran's death. DFAS will affect payment to the estate as quickly as possible after receipt of the original approval letter. For further pay information, contact the DFAS Retired and Annuity Pay Contact Center at (800) 321-1080.

People who **waive their military retirement for Civil Service credit** are ineligible for CRSC. If you are receiving Civil Service retirement, it has not been affected by your VA compensation; therefore, since you haven't lost anything in order to receive your VA compensation, there is nothing for CRSC to restore. You can rescind your waiver of military retirement for Civil Service credit to become eligible to apply for CRSC; however, this may place you in an overpayment situation. If you are considering this action, you should contact the Office of Personnel Management directly at (888) 767-6738, for more information.

Combat-Related Special Compensation

The Air Force Combat-Related Special Compensation program is managed by the USAF Physical Disability Division of the Air Force Personnel Center. The CRSC board is made up of former military and civilian personnel whose experiences include wartime duties, flying duties and medical training. The review board conducts a detailed analysis of your application to determine if in-service evidence exists to confirm your conditions were the direct result of a combat-related event or injury. If so, the board will authorize a special monthly payment to you called CRSC.

COMBAT RELATED DISABILITIES

Department of Defense guidance defines a combat-related disability in one of the three following ways:

1. A Purple Heart disability, which is a disability with an assigned medical diagnosis code from the Veterans Affairs Schedule for Rating Disabilities, or VASRD, that was attributed to injuries for which the member was awarded a Purple Heart.
2. One with an assigned medical diagnosis code from the VASRD that was:
   * incurred as a direct result of armed conflict;
   * as a result of hazardous service;
   * in the performance of duty under conditions simulating war; or
   * through an instrumentality of war.
3. One with an assigned medical diagnosis code from the VASRD that was deemed presumptive or "presumed" by the VA to be incurred as a result of combat operations.

More

APPLYING FOR CRSC

To apply for CRSC, you must first determine your eligibility; then complete an application for CRSC, using DD Form 2860, Application for Combat-Related Special Compensation.

CRSC APPROVAL

Once CRSC claims are approved, AFPC will send approval documents to both you and the Defense Finance and Accounting Service. DFAS will then calculate and begin CRSC payments within 60 to 90 working days of receiving the approval letter.

CRSC UPDATES

Agent Orange
Regulation Takes Effect for 3 More Agent Orange-related Diseases: As of October 30, 2010, eligible Vietnam-era Veterans exposed to herbicides and disabled by chronic b-cell leukemias, Parkinson's disease, or ischemic heart disease, may begin receiving disability and health care benefits on approved claims. Vietnam Veterans may apply for disability compensation for these diseases using VA's Fast Track Claims Processing System.

Veterans with Thailand Service: Vietnam-era Veterans who served in Thailand on or near the perimeters of military bases may have been exposed to herbicides and may qualify for VA benefits. Learn more ....

Chapter 61 Updates
The 2008 National Defense Authorization Act (NDAA) was signed into law on Jan. 28, 2008. Guidance to implement this program was received June 9, 2008. It expanded the eligibility of CRSC to include anyone receiving military retired pay. This includes Medical Chapter 61, Temporary Early Retirement Act (TERA) and Temporary Disabled Retirement List (TDRL) retirees. These new eligible components for CRSC went into effect Jan. 1, 2008. Medical and TERA retirees must still provide documentation that shows a causal link between a current VA disability and a combat-related event. To apply, individuals need to complete a DD Form 2860 with the required documentation attached. For more information, call 1-800-525-0102, Option 5, Option 1.

Combat-Related Special Compensation
CRSC is part of a legislative initiative designed to restore a veteran's military retirement pay that has been offset (reduced) by Veterans Affairs compensation when the veteran's disabilities are combat-related. CRSC was enacted by Congress through Public Law 107-314, Dec. 2, 2002, and later expanded under Public Law 108-136, Nov. 24, 2003.

ADDITIONAL INFORMATION

Concurrent Retirement and Disability Pay
CRDP is similar to CRSC. It is also designed to restore military retired pay that has been offset by Veterans Affairs compensation; however, there is no combat-related requirement for this pay. To be eligible, you must have a total disability rating from the VA of 50 percent or more. CRDP is automatic, so no application is needed, but payments are on a phased-in schedule. The Defense Finance and Accounting Service manages this program.

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