

[NOTE TO USER: TABLES WOULDN'T TRANSFER THROUGHOUT THIS DOCUMENT. THERE WERE A WHOLE BUNCH!! SO RETYPED IN DIFFERENT FORMS. SAME INFORMATION, DIFFERENT PRESENTATION. I WON'T NOTE INDIVIDUALLY, HOWEVER, SINCE THIS DOCUMENT HAS SO MANY.]

DEPARTMENT OF VETERANS AFFAIRS
Veterans Benefits Administration
Washington, D.C. 20420

January 22, 2007

Director (00/21) All VA Regional Offices and Centers

Fast Letter 07-01

SUBJ: Claims Processing for Military Retirees Entitled to Combat-Related Special Compensation (CRSC) and/or Concurrent Retirement and Disability Pay (CRDP)

Purpose

This letter provides information on the Combat-Related Special Compensation (CRSC) and Concurrent Retirement and Disability Pay (CRDP) Programs. This letter also provides instructions on how to process CRDP and CRSC claims. The enclosures provide a brief overview of each program with answers to frequently asked questions, and specific instructions on eligibility requirements, effective dates, retroactive payment amounts, and preparation of notification award letters.

Background

The Defense Authorization Act of 2003 created a new program called CRSC that provides concurrent receipt of partial or full military retired pay and VA disability compensation to eligible military retirees with combat-related disabilities. The Defense Authorization Act of 2004 expanded CRSC and created an additional program called CRDP. It provides a phased-in elimination of the offset in military retired pay due to receipt of VA disability compensation for eligible retirees with a combined evaluation of 50 percent or more. Both programs provide retroactive

restoration of retired pay for eligible military retirees who waived that pay to receive VA disability compensation.

While CRSC and CRDP are paid by the military services, the programs affect the amount of disability compensation that is to be paid and withheld when processing an eligible retiree's claim.

VA has worked closely with the Defense Finance and Accounting Service, the Coast Guard Retired Pay Center, and the Public Health Service Retired Pay Center to properly implement these programs. Based upon that cooperative effort, an algorithm was developed to determine the proper amount of previously withheld disability compensation and military retired pay that can now be paid. VA has worked to automate as many of these payments as possible to reduce the impact of this project on regional offices.

During the period from November 2006 to November 2007, we will make automated payments in approximately 92 percent of the cases.

This Fast Letter supersedes Fast Letters 03-19, 03-22, 03-25, which are rescinded.

Questions

If you have any questions concerning information contained in this Fast Letter, please either

- · e-mail your inquiry to VAVBAWAS/CO/212A,
- · e-mail or call Paulette Maten at (202) 273-7262, or
- · e-mail or call Thomas Whitworth at (202) 273-7251.

/s/

Bradley G. Mayes
Director
Compensation and Pension Service

Enclosures

Enclosure 1

Frequently Asked Questions (FAQs)

Combat-Related Special Compensation (CRSC) or Concurrent Retirement and Disability Pay (CRDP)

1. What is CRSC?

Answer: CRSC is a program that went into effect June 1, 2003, and is available to military retirees (including National Guard or reserve retirees) who have 20 years of service. Guard and reserve retirees with a “20-year letter” became eligible as of January 2004. It is payable for combat-related disabilities only. Qualified reservists will not receive CRSC until they begin to receive military retired pay at age 60. Retirees must apply with their branch of service to participate in the program. They are not automatically enrolled.

Retirees can obtain information about CRSC online at DoD’s web site <http://www.dod.mil/dfas> or by calling the Retired and Annuity Pay Contact Center at 1-800-321-1080.

2. What is CRDP?

Answer: CRDP is a program that went into effect January 1, 2004, and is available to military retirees who served a minimum of 20 years creditable service, including service in the National Guard and reserves. CRDP restores some or all of the military retired pay that was deducted due to receipt of VA service-connected disability compensation. Retirees must be rated 50 percent or more disabled by VA and, unlike CRSC, the disabilities do not have to be combat-related. Furthermore, retirees are not required to apply for this benefit; enrollment is automatic.

Retirees can obtain information about CRDP online at DoD’s website <http://www.dod.mil/dfas> or by calling the Retired and Annuity Pay Contact Center at 1-800-321-1080.

3. I was retired because of disability (under Chapter 61). Am I eligible for retroactive payments?

Answer: Veterans who served a minimum of 20 years and were retired because of disability may be entitled to CRSC or CRDP. However, CRSC or CRDP may only restore that part of your retired pay that is based on longevity. The part payable due to disability must still be waived to receive compensation.

4. How far back will retroactive payments go?

Answer: If otherwise in order, retroactive payments of CRSC may go back as far as June 1, 2003, and retroactive payments of CRDP may go back as far as January 1, 2004. Under DoD regulations, retirees may receive up to six years of retroactive benefits but the benefits cannot be earlier than the dates CRSC and CRDP went into effect.

5. When will I receive my retroactive payment from VA?

Answer: Military retirees began receiving retroactive payments from VA in November 2006. All retroactive processing payments should be released within one year.

6. How is VA calculating how much money it owes retirees?

Answer: VA and DFAS will compare their respective pay records to determine whether a retiree was underpaid. If underpaid by DFAS, DFAS will make the payment; if underpaid by VA, VA will make the payment; if underpaid by both, both offices will pay.

7. How do I know whether VA has withheld any benefits to offset my retirement pay?

Answer: VA has a record of the amount of disability compensation it withheld, if any, and can provide this information upon request. VA will review a veteran's payment history to determine whether or not a retroactive payment is in order and the amount due, if any.

Note to VSR: Check the M12 screen to see whether or not there was a type 1 withholding since June 2003.

8. How will I receive my retroactive payment from VA?

Answer: VA will issue all retroactive payments in the same manner in which a veteran currently receives monthly benefits, either by direct deposit or check.

9. How will I know I am getting a retroactive check?

Answer: VA will notify veterans in writing, using the most recent address of record, of any retroactive payment it makes and how the payment was calculated.

Note: The veterans' letters will be placed into Virtual VA.

10. Is CRSC or CRDP included in the regular payment from DFAS? Will retirees receive a separate payment each month?

Answer: Retirees should contact DFAS directly (1-800-321-1080) for answers to questions such as this.

11. My friend received his retroactive compensation in November due to the CRDP law change. I think I am due additional compensation too. When will I get mine?

Answer: The order in which retirees receive any retroactive compensation due from VA is governed by the processing at DFAS. VA must receive information from DFAS before we can determine whether funds are due.

Enclosure 2

Combat-Related Special Compensation (CRSC)

Authority

10 U.S.C. § 1413a as authorized by the Defense Authorization Act of 2003, Public Law 107-314.

Eligibility

CRSC I

- · Effective June 1, 2003, CRSC is payable to eligible retirees if they have combat-related condition(s) with a combined evaluation of at least 60 percent or conditions for which a Purple Heart was awarded.
- · Guard and reserve retirees qualify for CRSC only if they performed duty equivalent to 20 full calendar years of service.
- · Retirees must have service-connected disabilities held by a service CRSC Board to be qualifying. The disabilities must have been incurred under one of the following circumstances:
 - o o in combat,
 - o o under conditions simulating combat,
 - o o while engaged in hazardous duty,
 - o o as a result of an instrumentality of war, or
 - o o warranting award of the Purple Heart Medal.

CRSC II

- · Effective January 1, 2004, CRSC is payable to eligible retirees who have a combat-related VA disability rating of 10 percent or more.
- · Guard and reservists need to have 20 years of qualifying service (supported by documentation from the applicable branch such as a 20-year letter, retirement orders, or a statement of service) to be eligible.
- · Qualified reservists will not receive CRSC until they begin to receive retired pay at age 60.
- · Temporary Early Retirement Authorization (TERA) retirees are not eligible to receive CRSC unless they have returned to active duty and accumulated enough service time to meet the 20-year requirement before retiring for the second time.

CRSC I and CRSC II

- · RSC is not retired pay.

- · RSC is tax exempt.
- · CRSC is not subject to garnishment for child support or alimony.

Issue:

- VA Rating—

CRSC-I: 60% or more; or Purple Heart disability rated at 10%

CRSC-II: 10% or more

- Qualifying Disability—

CRSC-I: Combat-Related

CRSC-II: Combat-Related

- Eligibility Criteria

CRSC-I: 20 years active duty or 20 full calendar years of reserve duty

CRSC-II: 20 years active duty or 20-year retirement letter and at least age 60.

- Compensation, Taxable—

Effective June 1, 2003: No

Effective January 1, 2004: No

- Compensation, Application Requirements—

Effective June 1, 2003: Must Apply

Effective January 1, 2004: Must Apply

- Compensation, Subject to Garnishment—

Effective June 1, 2003: Not subject to child support and alimony

Effective January 1, 2004: Not subject to child support and alimony

CRSC Award Letters

· · CRSC award letters prepared by the services prior to September 1, 2006 reflect an effective date of entitlement to CRSC benefits equal to the date military retired pay was reduced.

· · Actual entitlement to CRSC and compensation due to the CRSC legislation is June 1, 2003, or the date service connection for the specific condition is granted, whichever is later.

· · Under governing DoD authority, entitlement to CRSC benefits can be established up to **six years** prior to date of the application to the CRSC Board but not earlier than June 1, 2003. Therefore, when DoD establishes entitlement to CRSC benefits, they will notify VA and any compensation withheld will be restored, if in order.

Enclosure 3

Concurrent Retirement and Disability Pay (CRDP)

Authority

10 U.S.C. §1414 as amended by section 641 of the Defense Authorization Act of 2004, Public Law 108-136.

Eligibility

- · Effective January 1, 2004, CRDP is payable to eligible retirees with a VA rating decision establishing service-connected disability of 50 percent or higher.
- · Retirees with 20 or more years of active duty service, including service in the Guard and reserves, are eligible if they have a “20-year letter”.
- · Eligibility is automatic for any month in which the retiree is entitled to a service-connected combined evaluation of 50 percent or higher. This includes veterans that are awarded a temporary 100 percent evaluation under paragraphs 28, 29, or 30. CRDP benefits are payable for the months of temporary total evaluation.
- · CRDP is a phased-in restoration of retired pay withheld from a retiree’s account due to their receipt of VA compensation.
- · CRDP is retired pay.
- · CRDP is taxable.
- · CRDP is subject to garnishment for child support or alimony.

CRDP is being phased-in over the next 10 years based upon the following schedule:

2004 Base Rate

VA Combined Disability Evaluation --- CRDP Payable

100% ---	\$750
90% ---	\$500
80% ---	\$350
70% ---	\$250
60% ---	\$125
50% ---	\$100

Phase-In Schedule

Year --- Additional waived compensation payable after 2004 base year amount

2005 ---	10%
2006 ---	28%
2007 ---	49.60%
2008 ---	69.76%
2009 ---	84.88%
2010 ---	93.95%
2011 ---	98.18%
2012 ---	99.64%
2013 ---	99.96%
2014 ---	100%

Effective Dates:

- · Effective January 1, 2005, phase-in of CRDP was eliminated for retirees rated 100 percent disabled on a schedular basis.
- · Effective January 1, 2009, phase-in of veterans receiving compensation at the 100 percent rate based on Individual Unemployability will be eliminated.

Enclosure 4

Dual Entitlement to CRSC and CRDP

Elections

Some military retirees qualify for both CRSC and CRDP programs. In such cases, the retiree must elect which program he or she wishes to receive. Federal law does not allow retirees to receive benefits under both programs simultaneously. They must elect to receive either CRSC *or* CRDP.

Annually, in late December, eligible retirees will receive a CRDP/CRSC Open Season Election Form. If they want to change from CRDP to CRSC or vice versa, they must complete and return the form to the payment center no later than January 31st of the year in which the change will occur. The effective date of the change will be February 1st. The election will remain in effect until the subsequent annual open season. An exception to the open season is for Coast Guard and Coast Guard Reserve and Public Health Service.

Each military payment center has established different election opportunities.

Branch of Service --- Retire Pay Center --- Open Season --- Change Effective

Army	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Navy	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Marines	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Marine Corps Reserve	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Air Force	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Air Force Reserve	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Army National Guard	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
Air National Guard	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st
National Oceanic and Atmospheric Administration (NOAA).....	DFAS --- Jan. 1 st - Jan 31 st , annually --- Feb. 1 st

Coast Guard and Coast Guard Reserves ...Retired Pay Center in Topeka, Kansas --- No policy. Retirees can change programs at anytime --- 1st of following month

Public Health Service --- Compensation Branch Rockville MD --- No policy. Retirees can change programs at anytime --- 1st of following month

Impact

Which program a retiree elects is significant. Election governs what amount can be paid during the periods that have been, or would have been, withheld. For example, if a retiree elected CRSC and has surgery for a non-combat-related qualifying condition that warrants a temporary 100 percent evaluation under Paragraph 30, that retiree would **not** be entitled to additional retroactive benefits because the evaluation is not a factor under the CRSC program, only the combat-related disabilities. VA must withhold the increased compensation from the effective date of the temporary increase until the month after the month in which the award is processed unless a total waiver is already in effect or the amount of increased compensation is greater than the retired pay being paid. Therefore, the retiree's award is processed in the standard manner in which the retroactive portion of the award is offset for retired pay.

Under the same scenario, if the retiree had elected CRDP, he/she would be entitled to full payment of compensation during the period of the temporary 100 percent evaluation from the effective date of the temporary increase.

It is important to note that a veteran may elect a program that might not seem monetarily advantageous; however, it is a choice that is determined solely by the veteran.

Enclosure 5

Retroactive Compensation Pay Project

Current Status

Presently, more than 140,000 military retirees are or were entitled to dual payments as a result of CRSC and CRDP. Some are due money solely from the military, some are due money solely from VA, and some are due money from both Departments. Effective November 1, 2006, an initial group of 29,688 retirees were referred to VA for possible payment of previously withheld compensation. Of that number, over 28,000 were successfully paid without field station involvement

with total payments amounting to more than \$43 million. The November group involved retirees due payment because of CRDP only.

How Retirees Are Selected for Payment

The military retired pay centers govern the order in which retirees' accounts in the current 140,000-retiree potential retroactive pay pool is reviewed. Generally speaking, the retirement pay centers divided the retirees in the identified population into three groups. A retiree in "Level 1" is referred to VA for consideration of retroactive compensation.

Level 1: Retirees for whom there is sufficient information in the retiree pay records to calculate potential retroactive monthly benefits due.

Level 2: Retiree pay records that are missing one or more pieces of data required to calculate potential entitlement. The retired pay centers believe that the missing data for most Level 2 retirees exists in other electronic systems at the payment centers. Importing that data into the pay file will likely enable the record to become a Level 1 record. In some cases, however, a review of historical paper records may be necessary to obtain the data that will enable a retiree's pay file to be updated and moved to Level 1.

Level 3: These are the most complex and difficult records. Level 3, for the most part, consists of the following types of retiree records:

- · Retirees who are now deceased but appear to have had some entitlement.
- · Retirees who have garnishments due to alimony.
- · Retirees with debts.
- · Retirees with other garnishments and offsets.

The greatest potential for regional office referral will come from retirees who were initially labeled as "Level 3."

Notification of Retroactive Entitlement

Retirees eligible for potential retroactive compensation adjustments will receive notification from their service payment center and another from VA.

When a retiree's record is selected for referral to VA, the retiree will receive a letter from the payment center advising him/her of the referral and that, in most cases, payment can be expected from VA within 30 days.

When automated payment is accomplished by the HINES Automation Center, the retiree will receive a letter from VA advising the retiree of the amount of the retroactive payment made. On the back of the letter is a month-by-month explanation of how the retroactive amount was calculated, which is very similar to a "paid and due" audit by a regional office finance activity. (See enclosure 6.) The letters are issued to the retiree after payment has been released as a direct deposit or as a check. The amount paid will be displayed on the Treasury Inquiry screen (TINQ) as a onetime payment.

Retroactive \$25,000 Payments

Regional offices will be advised by C&P Service when automated processing results in a payment of \$25,000 or more. C&P Service will e-mail the Service Center Manager with the name and claim number of the retiree and the amount of the payment. Regional offices must document the claims folder so that verification of the appropriateness of the payment is of record.

Regional Office Referrals (Audit Error Worksheets)

Records are referred to a regional office for a determination of entitlement when one or more of the following criteria are involved:

- · Retiree deceased
- · Account in suspense
- · No master record
- · Accounts receivable exists
- · Account contains a withholding
- · Invalid regional office number

- · Negative net account
- · Excessive pay

These errors are all standard types of audit errors that can be processed in accordance with M21-1, Part V, Chapter 19.

Referrals will be made to regional offices via Audit Error Worksheets (AEWs). (See enclosure 7.) VSRs and Senior VSRs must work the AEWs promptly to determine whether entitlement to compensation is due for each month listed. For those retirees entitled to compensation, VSRs should make the necessary corrections to the data that generated the error message and make a one-time out-of-system payment for the amount due. Advise the retiree of the payment using the letter template contained in enclosure 8.

For those retirees determined not entitled to retroactive benefits, provide notice to the retiree of that decision with appeal rights. (See enclosure 8.)

When dealing with AEWs for deceased retirees, regional offices should award the amount due as an accrued to the surviving spouse or child, if any (VA Form 534 must be of record). If a qualifying survivor does not exist, follow the standard reimbursement method based on last illness, death, burial, and just debts. In death cases, payment rules governing the Nehmer settlement must be followed, when applicable. (See 38 CFR §3.816.)

Work-Credit

VSRs will PCLR a 298 end product for preparation of all out-of-system awards and decision letters sent on this project.

Note: End product 298 should only be used for processing CRSC and CRDP claims.

Enclosure 6

**VA Notification Letter to Veteran
HINES-Generated
FRONT SIDE**

**DEPARTMENT OF VETERANS AFFAIRS
JF KENNEDY FEDERAL BLDG
BOSTON, MA 02203**

November 1, 2006

Mr. Veteran
1111 Glory Road
Boston, MA

The Defense Authorization Acts of 2003 and 2004 established two programs whereby certain military retirees may have restored to them some or all of the retired pay waived as required by law to receive disability compensation from Department of Veterans Affairs (VA). VA has worked with the Defense Finance and Accounting Service (DFAS) Cleveland to develop a method for making retroactive Combat-Related Special Compensation (CRSC), Concurrent Receipt of Retired and Disability Pay (CRDP) payments and VA disability payments previously withheld but now permitted by law.

What is Your VA Entitlement

Based on the information in your military retired pay files and the VA records, you are entitled to retroactive compensation payment of \$700.00. This payment covers the period January 2004 through February 2004. The figures used to calculate this amount are shown on the back of this letter.

Who to Contact If You Have Questions or Need Assistance

If you reside in the continental United States, Alaska, Hawaii or Puerto Rico, you may contact VA with questions and receive free help by calling our toll-free number 1 800 827 1000 (for hearing impaired TDD 1 800 829 4833),. You may also contact DFAS at 1 800 321 1080 for information concerning CRSC and CRDP payments.

If you call VA, please refer to the VA file number shown above. If you write us, put your full name and VA file number on the letter. You can visit our web site at www.va.gov for more information about veterans' benefits.

A copy of this letter was sent to the service organization or individual you appointed as your representative. If you have questions or need assistance completing your claim you can also contact them.

EARL HUTCHINSON
VETERANS SERVICE CENTER MANAGER

Enclosure: VA Form 4107

Enclosure 6

Back of Notification Letter

Figures Used to Calculate Amounts

VA FILE NUMBER:

STUB NAME: RO

NUMBER: 01

DATE: November 3, 2006

Entitlement Month – Jan. 04

Gross Retired Pay = \$1,450.00
VA Waiver.....= \$ 106.00
Retired Net Pay = \$1,344.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 80%
CRSC or CRDP Award= \$ 350.00
CRSC or CRDP Paid= \$ 0.00
VA Award= \$1,195.00
VA Paid= \$ 106.00
VA Withheld= \$1,089.00
Total Dual Payment Due... = \$ 350.00
Due from Retirement Pay . = \$ 0.00
Due from VA= \$ 350.00

Entitlement Month – Feb. 04

Gross Retired Pay = \$1,450.00
VA Waiver.....= \$ 106.00

Retired Net Pay = \$1,344.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 80%
CRSC or CRDP Award= \$ 350.00
CRSC or CRDP Paid= \$ 0.00
VA Award= \$1,195.00
VA Paid= \$ 106.00
VA Withheld= \$1,089.00
Total Dual Payment Due... = \$ 350.00
Due from Retirement Pay . = \$ 0.00
Due from VA= \$ 350.00

Enclosure 7

Audit Error Worksheets (AEWs)

DFAS ONE-TIME PAYMENT WORKSHEETS Non-Pay Reason: SUSPENDED

VA FILE NUMBER:

STUB NAME: RO

NUMBER: 01

DATE: November 3, 2006

Entitlement Month – Jan. 04

Gross Retired Pay = \$2,040.00
VA Waiver.....= \$ 0.00
Retired Net Pay = \$2,040.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 50%
CRSC or CRDP Award= \$ 100.00
CRSC or CRDP Paid= \$ 0.00
VA Award= \$ 787.00
VA Paid= \$ 0.00
VA Withheld= \$ 787.00

Total CRSC or CRDP Due = \$ 100.00
Due from Retirement Pay .= \$ 0.00
Due from VA= \$ 100.00

Potential VA Payment= \$ 100.00

Enclosure 7

Audit Error Worksheets (AEWs)

DFAS ONE-TIME PAYMENT WORKSHEETS Non-Pay Reason: ACCT RECEIVABLE

VA FILE NUMBER:
STUB NAME: RO
NUMBER: 01
DATE: November 3, 2006

Entitlement Month – Jan-04

Gross Retired Pay = \$1,364.00
VA Waiver.....= \$ 709.00
Retired Net Pay = \$ 655.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 60%
CRSC or CRDP Award= \$ 125.00
CRSC or CRDP Paid= \$ 100.00
VA Award= \$ 893.00
VA Paid= \$ 709.00
VA Withheld= \$ 184.00
Total CRSC or CRDP Due = \$ 25.00
Due from Retirement Pay .= \$ 0.00
Due from VA= \$ 25.00

Entitlement Month – Feb-04

Gross Retired Pay = \$1,364.00
VA Waiver.....= \$ 709.00
Retired Net Pay = \$ 655.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 60%
CRSC or CRDP Award= \$ 125.00
CRSC or CRDP Paid= \$ 100.00
VA Award= \$ 893.00
VA Paid= \$ 709.00
VA Withheld= \$ 184.00
Total CRSC or CRDP Due = \$ 25.00
Due from Retirement Pay . = \$ 0.00
Due from VA= \$ 25.00

Entitlement Month – Mar-04

Gross Retired Pay = \$1,364.00
VA Waiver.....= \$ 709.00
Retired Net Pay = \$ 655.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 60%
CRSC or CRDP Award= \$ 125.00
CRSC or CRDP Paid= \$ 100.00
VA Award= \$ 893.00
VA Paid= \$ 709.00
VA Withheld= \$ 184.00
Total CRSC or CRDP Due = \$ 25.00
Due from Retirement Pay . = \$ 0.00
Due from VA= \$ 25.00

Amount Previously Paid by DFAS = \$53.00

Potential VA Payment..... = \$22.00

Enclosure 7

Audit Error Worksheets (AEWs)

DFAS ONE-TIME PAYMENT WORKSHEETS

Non-Pay Reason: TERMINATED

VA FILE NUMBER:

STUB NAME: RO

NUMBER: 01

DATE: November 3, 2006

Entitlement Month – Jan-04

Gross Retired Pay = \$2,295.00
VA Waiver.....= \$ 381.00
Retired Net Pay = \$1,914.00
CRSC or CRDP = CRDP
CRSC or CRDP % = 50%
CRSC or CRDP Award= \$ 100.00
CRSC or CRDP Paid= \$ 0.00
VA Award= \$ 755.00
VA Paid= \$ 381.00
VA Withheld= \$ 374.00
Total CRSC or CRDP Due = \$ 100.00
Due from Retirement Pay . = \$ 0.00
Due from VA= \$ 100.00

Potential VA Payment= \$100.00

Enclosure 8

Auto-Text

Audit Error Worksheet Review

Notification to Veteran of VARO Action

VSRs must notify veterans of the action taken on each worksheet processed as an “out-of-system” award. VSRs should auto-text into the letter the language shown below until PCGL is updated.

The following text language is provided to better assist VSRs in accurately informing veterans of what action the VARO has taken on his or her payment of retroactive disability compensation. **This review is for CRDP cases only.**

Introduction

The Defense Authorization Acts of 2003 and 2004 established two programs whereby certain military retirees may have restored some or all of the retired pay they waived as required by law to receive disability compensation from the Department of Veterans Affairs (VA). VA has worked with the Defense Finance and Accounting Service (DFAS) in Cleveland to develop a method for making retroactive Combat-Related Special Compensation (CRSC) and Concurrent Receipt of Retired and Disability Pay (CRDP) payments and disability payments previously withheld but now permitted by law.

What Is Your Entitlement

{If Entitled}

Based on the information in your military retired pay files and VA records, you are entitled to a retroactive compensation payment of {\$XXXX.XX}. This payment covers the period {MM-DD-YY} through {MM-DDYY}. The figures used to calculate this amount are shown below.

Entitlement Month

Gross Retired Pay

VA Waiver

VA Award

VA Withheld

Total Paid by VA

{If Not Entitled}

Based on the information in your military retired pay files and VA records, you are not entitled to a retroactive compensation payment because (provide specific reason).

Who to Contact If You Have Questions or Need Assistance

If you reside in the continental United States, Alaska, Hawaii, or Puerto Rico, you may contact VA with questions and receive free help by calling our toll-free number 1-800-827-1000 (for hearing impaired TDD 1-800-829-4833).

You may also contact DFAS at 1-800-321-1080 for information concerning CRSC and CRDP payments.

If you are a retiree of the Coast Guard, contact the Coast Guard Retired Pay Center at 1-800-772-8724.

If you are a Public Health Service retiree, contact the Retired Pay Center at 1-800-321-1080.

If you call VA, please refer to the VA file number shown above.

If you write to us, put your full name and VA file number on the letter.

You may visit our web site at www.va.gov for more information about veterans' benefits.

[Listing of Service Organization/Representative]

A copy of this letter was sent to the service organization or individual you appointed as your representative.

[If No Listing of Service Organization/Representative]

We have no record of you appointing a service organization or representative to assist you with your claim.

You can contact us for a listing of recognized veterans service organizations and/or representatives.

Veterans service organizations that are recognized or approved to provide services to the veteran community can also help you with questions, completion of claim forms, etc.

Appeal Rights

Enclose VA Form 4107.

Enclosure 9

RO Action Upon Receipt of CRSC Award Letters

CRSC Letters Forwarded to the Regional Offices

Effective September 1, 2006, the service CRSC Boards began sending retirees found to have CRSC qualifying disabilities two copies of their CRSC award letter. The notification letter has the following statement: **"You may be due benefits from VA previously withheld by them due to your receipt of retired pay."** (See enclosure 10.)

CRSC Board award letters issued on or after **September 1, 2006**, will reflect CRSC entitlement as of the date of service connection, the date of military separation, or June 1, 2003.

Date of Claim

CRSC letters received at the VARO prior to the date of this fast letter

· · Date of this fast letter

CRSC letters received at the VARO after the date of this fast letter

· · Date of receipt of the CRSC award letter

Claims Establishment

When a CRSC letter is received, establish a 298 end product (EP).

CRSC Adjustments

CRSC adjustments should be made on all claims with retroactive entitlement on or after June 1, 2003. Currently, no retroactive payments have been initiated or processed on these claims.

- · Retroactive adjustments are warranted on CRSC award letters that have effective dates of establishment from June 1, 2003, to present.
- · Review the CRSC award letter to determine specific disability(ies).
- · Process these claims in accordance with enclosure 12, scenario 1, and send VARO CRSC Adjustment Letter (enclosure 11), "Retroactive Adjustment."

CRSC Grant with Dependents

- · Veteran submits VA Form 686c to add dependents.
- · Review the CRSC Award letter to determine specific disability(ies).
- · See enclosure 12, scenario 2, and process accordingly.
- · Send veteran VARO CRSC Adjustment letter (enclosure 11), "Grant of CRSC."

CRSC Grant with Increased Evaluation

- · Rating decision grants an increase in a CRSC condition.
- · See enclosure 12, scenario 3, and process accordingly.
- · Send veteran VARO CRSC Adjustment letter (enclosure 11), "Grant of CRSC."

Enclosure 10

CRSC Award Letter

DEPARTMENT OF THE NAVY

SECRETARY OF THE NAVY COUNCIL OF REVIEW BOARDS
COMBAT-RELATED SPECIAL COMPENSATION BRANCH
720 Kennon Street SE SUITE 309
Washington Navy Yard DC 20374-5023

September 1, 2006

Mr. LCDR Veteran USN
222 SWANNY LAKE DR
NORFOLK, VA

Subj: APPROVAL OF CRSC IN THE CASE OF LCDR VETERAN
USN XXX-XX-XXXX, DOCKET NUMBER NC06-XXXXX

Ref: (a) 10 U.S. Code 1413a

1. Your application for Combat-Related Special Compensation (CRSC) is approved in accordance with reference (a). In making this decision, the following determinations were made regarding the diagnosis we considered:

COMBAT RELATED:

DIAGNOSIS: Bilateral hearing loss

VASRD: 6100

VA % : 10

DETERMINATION: Combat-related; Armed Conflict

NON-COMBAT RELATED: NONE

2. The following information is being provided to the Defense Finance and Accounting Service (DFAS) for their internal processing of your CRSC. No further action is required on your part to effect payment.

- The effective date of this CRSC is:

10% from 01 Jan 2004 for Code 6100(10%)

- Total Purple Heart Disability: NONE

- Total Combat-Related Disability: 10%

- Records reviewed by the CRSC Branch indicate that the applicant:

IS NOT receiving combat-related SMC.

IS NOT receiving Individual Unemployability.

3. DFAS will effect CRSC payment within 60 days of receipt of this letter. Please be aware that, since DFAS bases CRSC payments on VA disability ratings only, you will not receive CRSC unless you previously elected to waive part of your retirement pay in favor of VA disability compensation. CRSC payments will be made in the same manner as your retired pay (i.e., EFT or check). The CRSC Branch does not effect or compute CRSC payments. Pay inquiries should be addressed to the DFAS Retired and Annuity Pay Contact Center at 1-800-321-1080 or write:

Defense Finance and Accounting Service,
U.S. Military Retirement Pay,
Post Office Box 7130
London, Kentucky 40742-7130

4. If you have multiple disability ratings then the VA Combined Ratings Table, as set forth in Title 38 of the Code of Federal Regulations (CFR), Chapter I, Part 4, Section 4.25, is used to calculate your combined combat-related disability rating. The Combined Ratings Table can be obtained from the VA or from the Veterans Benefits Administration (VBA) Web Automated Reference Materials System (WARMS) at the following website: <http://www.warms.vba.va.gov/regs/38cfr/bookc/part4/s4%5F25.doc>

5. For more information, including answers to frequently asked questions, please visit the CRSC Branch website at: <http://www.hq.navy.mil/ncpb>

6. Thank you for your service to our nation.

"You may be due benefits from VA previously withheld by them due to your receipt of retired pay."

A. R. SMYTHE
By direction

Copy to:
DFAS

Enclosure 11

VARO CRSC Adjustment Letter Auto-text Letter

Introduction

On *{insert date of CRSC letter}*, we received your Combat-Related Special Compensation (CRSC) award letter. In accordance with the CRSC Board, the following conditions have been established as combat-related: *{insert combat-related condition(s)}*

{Retroactive Adjustment}

Based on the information in your CRSC award letter, military retired pay files, and VA records, you are entitled to a retroactive compensation payment of *{insert amount entitled}*. This payment covers the period *{MM-DD-YY}* through *{MM-DD-YY}*. The figures used to calculate this amount are shown below.

Entitlement Month
Gross Retired Pay
VA Waiver
VA Award
VA Paid
VA Withheld

Total Paid by VA

{Grant of CRSC}

We previously withheld *{insert lump sum of previously withheld benefits}* from your service-connected disability compensation payments because you are receiving retirement pay from the military. Based upon your entitlement to CRSC, we have adjusted your payment.

Entitlement Month

Gross Retired Pay

VA Waiver

VA Award

VA Withheld

Total Paid by VA

You will receive a lump sum payment of *{insert amount of CRSC entitlement}*. Your gross disability compensation will remain *{insert gross compensation amount}* effective *{MM-DD-YY}*.

This Adjustment Affects Your Taxable Income

Because you are receiving service retired pay, we must withhold VA compensation. VA compensation is not taxable. However, service retired pay, based on age or length of service, is taxable. Under current law, service retired pay equal to the amount of VA benefits payable is exempt from taxation. This exemption applies only if VA received your waiver of retired pay within one year of the date of your notification of VA entitlement. As we received your waiver with your claim for benefits, your exemption amount is the total amount of VA compensation to which you are entitled from the earliest date shown above. If you previously claimed a tax exemption, you are now entitled to claim only the difference between the previous amount withheld and the current amount withheld. If you qualify for either program, you should consult your tax expert, or the retired pay center for more information.

Enclosure: VA Form 4107

Enclosure 12

CRSC INITIAL GRANT Scenario 1

On August 15, 2006, the VARO received a CRSC award letter from Mr. Drummer, which indicated one of the three conditions previously service-connected is combat-related. Therefore, entitlement to additional benefits is warranted and an adjustment required.

Methodology:

Mr. Drummer has a combined evaluation of 40 percent for post-traumatic stress disorder, hearing loss, and right knee strain effective July 1, 2006, which entitles the veteran to \$578.00 monthly with two dependents. The CRSC letter indicates that the PTSD is combat-related. Therefore, the combined evaluation for his combat-related condition is 10 percent, which is \$112.00.

Information from Rating decision, CRSC letter, and claims folder

Diag 9411
Disability PTSD
Percent 10
CRSC Yes
Effective Date 07/01/2006

Diag 6100
Disability Hearing Loss
Percent 20
CRSC No
Effective Date 07/01/2006

Diag 5257
Disability Right knee strain
Percent 20
CRSC No
Effective Date 07/01/2006

Combined:

Percent 40%

Effective Date.....07/01/2006

CRSC:

Percent.....10%

Effective Date.....07/01/2006

2 Dependents = 1 spouse and 1 child <18 yrs.

Master Record

Date08/01/2006

RSN.....00

ENT..... 71

DISAB..... 40

DEPEN..... 11/11

S H..... 0

INC..... 0

SLC..... 06

Total..... 578

Net Award.....000

Withhold this Amount.....578

Date11/01/2006

RSN.....19

ENT..... 71

DISAB..... 40

DEPEN..... 11/11

S H..... 0

INC..... 0

SLC..... 06

Total..... 578

Net Award.....578

Withhold this Amount.....000

Date12/01/2006

RSN.....37

ENT.....	71
DISAB.....	40
DEPEN.....	11/11
S H.....	0
INC.....	0
SLC.....	06
Total.....	580
Net Award.....	580
Withhold this Amount.....	000

Adjustment:

Mr. Drummer's gross retired pay is \$2,200.00, effective July 1, 2006. In reviewing the award, we previously withheld the total amount of compensation, \$578.00, on the initial award. The veteran is now entitled to a CRSC condition at 10 percent. VA should pay the CRSC condition amount of \$112.00 and withhold the rest.

Adjusted Award

Date	08/01/2006
RSN.....	00
ENT.....	71
DISAB.....	40
DEPEN.....	11/11
S H.....	0
INC.....	0
SLC.....	06
Total.....	578
Net Award.....	112
Withhold this Amount.....	466

Date	11/01/2006
RSN.....	19
ENT.....	71
DISAB.....	40
DEPEN.....	11/11
S H.....	0
INC.....	0
SLC.....	06
Total.....	578

Net Award.....578
Withhold this Amount.....000

Date12/01/2006
RSN.....37
ENT..... 71
DISAB..... 40
DEPEN..... 11/11
S H..... 0
INC..... 0
SLC..... 06
Total..... 580
Net Award.....580
Withhold this Amount.....000

Computations:

VA entitlement amount: \$578.00
VA pays this amount: - \$112.00 until 11/1/06
VA withholds this amount: \$466.00 until 11/1/06

Notification to veteran:

The VSR should send the veteran the “VARO CRSC Adjustment Letter.”

CRSC GRANT WITH DEPENDENTS
Scenario 2

On October 3, 2006, the VARO received a CRSC award letter from Mrs. Coats, which indicated that two out of the seven previously service-connected conditions are combat-related. Therefore, entitlement to additional benefits is warranted and an adjustment is required.

Methodology:

A claim for VA benefits was filed on August 1, 2006. A VA rating decision was completed on September 22, 2006, which granted service connection for post-operative dislocated shoulder, left (minor); hearing loss; right knee strain; left

knee strain; bronchial asthma; renal insufficiency; and residual thumb injury, with a combined evaluation of 40 percent, which entitles the veteran to \$605.00 monthly with three dependents.

The CRSC award letter indicates that the post-operative dislocated shoulder, left (minor), and hearing loss are combat-related, which is a combined evaluation of 30 percent.

Information from Rating decision, CRSC letter, and claims folder

Diag 5203
Disability Post-operative dislocated shoulder Left (minor)
Percent 20
CRSC Yes
Effective Date 08/01/2006

Diag 6100
Disability Hearing Loss
Percent 10
CRSC Yes
Effective Date 08/01/2006

Diag 5257
Disability Right knee strain
Percent 10
CRSC No
Effective Date 08/01/2006

Diag 5257
Disability L. KNEE
Percent 10
CRSC No
Effective Date 08/01/2006

Diag 6602
Disability Bronchial asthma
Percent 0

CRSC.....No
Effective Date.....08/01/2006

Diag..... 7507
Disability.....Renal insufficiency
Percent0
CRSC.....No
Effective Date.....08/01/2006

Diag..... 5224
Disability.....Residual thumb injury
Percent0
CRSC.....No
Effective Date.....08/01/2006

Combined:
Percent.....40%

Combined CRSC:
Percent.....30%
Effective Date.....08/01/2006

3 Dependents = 1 spouse and 2 child <18 yrs.

Master Record

Date09/01/2006
RSN.....00
ENT..... 71
DISAB..... 40
DEPEN..... 12/12
S H..... 0
INC..... 0
SLC..... 06
Total..... 605
Net Award.....000
Withhold this Amount.....605

Date11/01/2006
RSN.....19
ENT..... 71
DISAB..... 40
DEPEN..... 12/12
S H..... 0
INC..... 0
SLC..... 06
Total..... 605
Net Award.....605
Withhold this Amount.....000

Date12/01/2006
RSN.....37
ENT..... 71
DISAB..... 40
DEPEN..... 12/12
S H..... 0
INC..... 0
SLC..... 06
Total..... 615
Net Award.....615
Withhold this Amount.....000

Adjustment:

Mrs. Coats' gross retired pay is \$2,100.00 effective August 1, 2006. In reviewing her award, we previously withheld the total amount of VA compensation, \$605.00, on the initial award. Now, Mrs. Coat is entitled topayment for her CRSC conditions evaluated at 30 percent. VA should pay the CRSC conditions with the three-dependents and withhold the rest.

Adjusted Award

Date09/01/2006
RSN.....00
ENT..... 71
DISAB..... 40

DEPEN..... 12/12
S H..... 0
INC..... 0
SLC..... 06
Total..... 605
Net Award.....426
Withhold this Amount.....179

Date11/01/2006
RSN.....19
ENT..... 71
DISAB..... 40
DEPEN..... 12/12
S H..... 0
INC..... 0
SLC..... 06
Total..... 605
Net Award..... 605
Withhold this Amount..... 000

Date12/01/2006
RSN.....37
ENT..... 71
DISAB..... 40
DEPEN..... 12/12
S H..... 0
INC..... 0
SLC..... 06
Total..... 615
Net Award.....615
Withhold this Amount.....000

Computations:

VA entitlement amount: \$605.00
VA pays this amount: - \$426.00 until 11/1/06
VA withholds this amount: \$179.00 until 11/1/06

CRSC GRANT WITH INCREASED DISABILITIES

Scenario 3

On October 16, 2006, a rating decision granted an increased evaluation in Mr. Simms' CRSC condition. To allow our records to show accurate withholdings, adjust the award to reflect the recent increase in the serviceconnected condition.

Methodology:

Mr. Simms has a combined evaluation of 20 percent for PTSD and eczema. A rating decision dated October 16, 2006, increased his CRSC condition, PTSD, from 10 percent to 30 percent. (Prior CRSC retroactive adjustment of record.)

Information from Rating decision, CRSC letter, and claims folder

Disability.....PTSD
Percent10
CRSC.....Yes
Effective Date.....07/11/2005

Disability.....PTSD
Percent30
CRSC.....Yes
Effective Date.....08/21/2006

Disability.....Eczema
Percent10
CRSC.....No
Effective Date.....07/11/2005

Combined:

Percent.....20%,
Effective07/11/2005

Percent40%
Effective08/21/2006

Combined CRSC:

Percent.....30%

Effective Date..... 08/01/2006

1 Dependent spouse

Master Record

Date12/01/2005

RSN.....37

ENT..... 71

DISAB..... 20

DEPEN..... 00/00

S H..... 0

INC..... 0

SLC..... 06

Total..... 218

Net Award.....218

Withhold this Amount.....000

Adjustment:

Mr. Simms' gross retired pay is \$2,500.00, effective December 1, 2005. A review of his award shows we are currently paying the full amount of VA compensation at the 20 percent rate. Because Mr. Simms' CRSC condition is 30 percent disabling, VA will pay \$377.00 from September 1, 2006, which is the 30 percent rate with one dependent, and withhold the rest.

Adjusted Award

Date09/01/2006

RSN.....19

ENT..... 71

DISAB..... 40

DEPEN..... 10/10

S H..... 0

INC..... 0

SLC..... 06

Total..... 539
Net Award.....377
Withhold this Amount.....162

Date12/01/2006
RSN.....37
ENT..... 71
DISAB..... 40
DEPEN..... 10/10
S H..... 0
INC..... 0
SLC..... 06
Total..... 556
Net Award.....556
Withhold this Amount.....0

Computations:

VA entitlement amount..... \$539.00
VA pays this amount(30% CRSC cond-w/1 dep.): - 337.00
VA withholds this amount: \$162.00

Enclosure 13

**CRDP ORIGINAL CLAIMS
Scenario 1**

A VSR receives a rating decision dated May 10, 2006, for an eligible retiree with a 50 percent combined evaluation. Since eligible retirees are enrolled into the CRDP program automatically, an adjustment is required.

Methodology:

Mr. Acorn retired from the U.S. Army on February 1, 2006. On February 23, 2006, he applied for disability compensation. Mr. Acorn's gross retired pay as of February 1, 2006, is \$2,600.00 a month.

Information from rating decision and claims folder review

Diag 9411
Disability Post-traumatic stress disorder
Percent 50%
Effective Date 2/1/2006

Master Record

Date 3/1/2006
RSN 00
ENT 71
DISAB 50
DEPEN 00/00
S H 0
INC 0
SLC 06
Total 690
Net Award 000
Withhold this Amount 690

Date 6/1/2006
RSN 19
ENT 71
DISAB 50
DEPEN 00/00
S H 0
INC 0
SLC 06
Total 690
Net Award 690
Withhold this Amount 000

Adjustment:

Mr. Acorn's VA compensation rate is \$690.00, payment effective March 1, 2006, as a single veteran with a 50 percent evaluation. The CRDP base rate for a veteran evaluated at 50 percent is \$100.00. (See enclosure 3.) Subtract the \$100.00 base rate from the compensation rate of \$690.00, and then multiply the remaining \$590.00 by the phase-in rate for 2006 of 28 percent, which is \$165.20. (See enclosure 3.) Add \$165.20 to the base rate of \$100.00. The CRDP total is \$265.20. In accordance with 38 CFR § 3.112, drop the cents.

Computation:

VA entitlement amount.....	\$690.00
Minus base rate.....	- <u>\$100.00</u>
.....	\$590.00
Multiply 2006 Phase-in rate.....	<u>x 28%</u>
.....	\$165.20
Add base rate.....	+ <u>\$100.00</u>
CRDP amount (pay this amount).....	\$265.00

Adjusted Award

Date	3/1/2006
RSN.....	00
ENT.....	71
DISAB.....	50
DEPEN.....	00/00
S H.....	0
INC.....	0
SLC.....	06
Total.....	690
Net Award.....	265
Withhold this Amount.....	425

Date	6/1/2006
RSN.....	19
ENT.....	71
DISAB.....	50
DEPEN.....	00/00
S H.....	0
INC.....	0
SLC.....	06

Total..... 690
Net Award.....690
Withhold this Amount.....000

CRDP WITH DEPENDENTS

Scenario 2

Based upon the same facts listed in scenario 1, Mr. Acorn claimed his dependents by submitting VA Form 686c on August 12, 2006. He is married with one son under the age of 18. VA added Mr. Acorn's dependents effective March 1, 2006.

Methodology:

Mr. Acorn's new VA entitlement amount with two dependents is \$806.00 effective March 1, 2006. VA must establish the difference between the old CRDP amount and the new CRDP amount, and then add that amount to the previously paid VA entitlement.

Old CRDP rate: \$265.00 as noted in scenario 1.

New CRDP rate: The CRDP base rate for a veteran evaluated at 50 percent is \$100.00. (See enclosure 3.) Subtract the \$100.00 base rate from the compensation rate of \$806.00, and then multiply the remaining \$706.00 by the phase-in rate for 2006 of 28 percent, which is \$197.68. (See enclosure 3.) Add \$197.68 to the base rate of \$100.00. The new CRDP total rate is \$297.68. In accordance with 38 CFR § 3.112, drop the cents.

Computations:

VA entitlement amount.....	\$806.00
Minus base rate.....	<u>- \$100.00</u>
.....	\$706.00
Multiply 2006 Phase-in rate.....	<u>x 28%</u>
.....	\$197.68
Add base rate.....	<u>+ \$100.00</u>

New CRDP amount..... \$297.68

Difference between old CRDP and new CRDP rate: Mr. Acorn's previous CRDP entitlement was \$265.00 without dependents and his new CRDP entitlement with two dependents is \$297.00. Subtract the old CRDP amount from the new CRDP amount to get the difference of \$32.00.

Difference of Old and New CRDP:

New CRDP amount: \$297.00
Old CRDP amount: - \$265.00
Difference between old and new: \$ 32.00

Adjustment:

Add the difference between old and new CRDP rate, which is \$32.00, to previously paid VA entitlement and withhold the remainder.

Previous VA entitlement:
\$690.00

Difference between old and new CRDP: +\$32.00

Pay this amount
\$722.00

Adjusted Award

Date03/01/2006
RSN.....26
ENT..... 71
DISAB..... 50
DEPEN..... 11/11
S H..... 0
INC..... 0
SLC..... 06
Total..... 806
Net Award.....297

Withhold this Amount.....509

Date06/01/2006
RSN.....19
ENT..... 71
DISAB..... 50
DEPEN..... 11/11
S H..... 0
INC..... 0
SLC..... 06
Total..... 806
Net Award.....722
Withhold this Amount..... 84

Date11/01/2006
RSN.....19
ENT..... 71
DISAB..... 50
DEPEN..... 11/11
S H..... 0
INC..... 0
SLC..... 06
Total.....806
Net Award.....806
Withhold this Amount.....000

Dual Entitlement with Increase Scenario 3

A VSR receives a letter from Ms. Smith, a veteran, asking to have her award adjusted based upon her recent change from the CRSC program to the CRDP program due to the increase in her service-connected disability.

Methodology:

Ms. Smith was entitled to receive CRSC benefits for her combat-related 10 percent hearing loss since February 1, 2005. On December 25, 2005, service

connection was established for degenerative arthritis of the lumbar spine at 60 percent disabling. The combined evaluation has increased from 10 to 60 percent. On January 23, 2006, she notified DFAS that she would like to switch from the CRSC program to the CRDP program. Her election was effective February 1, 2006. Ms. Smith is single with no dependents. Her gross retired pay for December 2004 was \$2,500 and for December 2005 it was \$2,600.

Information from rating decision, claims folder, and veteran

Disability.....Hearing loss (Purple Heart)
Percent10%
CRSC.....Yes
Effective Date.....2/1/2005

Disability.....Lumbar spine condition
Percent60%
CRSC.....No
Effective Date.....12/25/2005

Combined:

Percent.....10%
Effective..... 2/1/2005

Percent60%
Effective..... 12/25/2005

Master Record

Date03/01/2005
RSN.....00
ENT..... 71
DISAB.....10
DEPEN..... 00/00
S H..... 0
INC..... 0
SLC..... 06
Total..... 108
Net Award.....000
Withhold this Amount.....108

Date05/01/2005
RSN.....19
ENT..... 71
DISAB..... 10
DEPEN..... 00/00
S H..... 0
INC..... 0
SLC..... 06
Total..... 108
Net Award.....108
Withhold this Amount..... 000

Date12/01/2005
RSN.....37
ENT..... 71
DISAB..... 10
DEPEN..... 00/00
S H..... 0
INC..... 0
SLC..... 06
Total.....112
Net Award.....112
Withhold this Amount.....000

Adjustment:

CRSC

Ms. Smith's VA entitlement effective March 1, 2005 was \$108.00 for her service-connected hearing loss. In reviewing her award, we previously withheld the total amount of \$108.00 due to her military retirement pay exceeding her VA entitlement. In light of her entitlement, VA should pay the \$108.00 that was previously withheld for the period March 1, 2005 through May 1, 2005.

CRDP

Ms. Smith's VA entitlement is \$873.00 effective January 1, 2006, for a veteran rated 60 percent with no dependents. The CRDP base rate for a veteran

evaluated 60 percent is \$125.00. (See enclosure 3.) Subtract the base rate of \$125.00 from the VA compensation rate of \$873, which leaves \$748.00. Then, multiply \$748.00 by the phase-in rate for 2006 of 28 percent, which is \$209.44. Add \$209.44 to the base rate of \$125.00. The CRDP total is \$334.44. In accordance with 38 CFR § 3.112, drop the cents.

Computation:

VA entitlement amount.....	\$873.00
Minus base rate.....	<u>- \$125.00</u>
.....	\$748.00
Multiply 2006 Phase-in rate.....	<u>x 28%</u>
.....	\$209.44
Add base rate.....	<u>+ \$125.00</u>
.....	\$334.00

Adjusted Award

Date	03/01/2005
RSN.....	19
ENT.....	71
DISAB.....	10
DEPEN.....	00/00
S H.....	00
INC.....	0
SLC.....	06
Total.....	108
Net Award.....	108
Withhold this Amount.....	00

Date	12/01/2005
RSN.....	37
ENT.....	71
DISAB.....	10
DEPEN.....	00/00
S H.....	00
INC.....	0
SLC.....	06
Total.....	112
Net Award.....	112

Withhold this Amount..... 00

Date01/01/2006
RSN.....33
ENT..... 71
DISAB..... 60
DEPEN..... 00/00
S H..... 00
INC..... 0
SLC..... 06
Total.....873
Net Award.....112
Withhold this Amount.....761

Date02/01/2006
RSN.....19
ENT..... 71
DISAB..... 60
DEPEN..... 00/00
S H..... 00
INC..... 0
SLC..... 06
Total..... 873
Net Award.....334
Withhold this Amount.....539

Date11/01/2006
RSN.....19
ENT..... 71
DISAB..... 60
DEPEN..... 00/00
S H..... 00
INC..... 0
SLC..... 06
Total..... 873
Net Award.....873
Withhold this Amount..... 00