

VOLUME 7B, CHAPTER 63: “COMBAT-RELATED SPECIAL COMPENSATION (CRSC)”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

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

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

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [November 2019](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with administrative instructions.	Revision
All	Renumbered the chapter sections and paragraphs to comply with administrative instructions.	Revision
8.1 8.2 8.5	Updated CRSC computations with the current 2021 Veterans disability compensation and pay rates. Additionally, provided information of 2 percent multiplier vice 2½ percent when under the Blended Retirement System.	Revision
9.3	Added for clarification that no retroactive CRSC may be paid based on a retroactive Veterans Affairs Disability compensation increase that was awarded after a member dies.	Addition
10.3.2	Deleted requirements of the Boards for Correction of Military Records to seek advisory opinion and provide final decision to the Director of Compensation concerning any application involving a determination as to whether a disability is combat-related.	Deletion
All	Updated References.	Revision

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CHAPTER 63

COMBAT-RELATED SPECIAL COMPENSATION (CRSC)

1.0 GENERAL

1.1 Purpose

CRSC provides special compensation to members of the Uniformed Services who have retired pay reduced because of receiving U.S. Department of Veterans Affairs (VA) disability compensation where a portion of such VA disability compensation is the result of disabilities that are combat-related as determined by the Military Department.

1.1.1. Effective Date. The CRSC program became effective May 31, 2003. Payments are made on the first day of the first month following the month in which the compensation accrued, provided the member is receiving VA disability compensation for a disability that has been determined to be combat-related by the Military Department. No CRSC is payable for any month prior to June 2003.

1.1.1.1. For a member who qualifies on May 31, 2003, compensation accrues beginning in June 2003.

1.1.1.2. For an eligible member whose disability percentage is less than 60 percent, compensation is effective January 1, 2004.

1.1.1.3. For an eligible member who is retired under Title 10, United States Code, Chapter 61 ([10 U.S.C. Chapter 61](#)) with less than 20 years of active duty or with less than sufficient service and age to qualify for retirement under [10 U.S.C. § 12731](#), compensation is effective January 1, 2008.

1.1.1.4. For a member who did not meet the qualifications on June 1, 2003, January 1, 2004, or January 1, 2008, but who later meets the qualifications, entitlement accrues the first day of the following month.

1.1.2. Funding and Payment. CRSC is not military retired pay. It is a monthly entitlement that is paid only in whole-month increments. Prior to October 1, 2003, CRSC was payable from funds appropriated for pay and allowances payable by the Secretary of the Military Department concerned (or designee) for that fiscal year (FY). Effective October 1, 2003, the source of funding is the Department of Defense (DoD) Military Retirement Fund.

1.1.3. Relationship to Other Provisions.

1.1.3.1. CRSC is not retired pay, and it is not subject to the provisions of [10 U.S.C. § 1408](#) relating to payment of retired or retainer pay in compliance with court orders.

1.1.3.2. 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. In addition, debts due the government may be collected from CRSC, including overpayments of retired pay or erroneous payments of CRSC, by means of an administrative offset. An administrative offset of CRSC to collect a debt due the government is subject to the due process requirements of [31 U.S.C. § 3716](#) and [31 Code of Federal Regulations \(CFR\), part 901](#). Claims for overpayments of CRSC may be considered for waiver in accordance with [10 U.S.C. § 2774](#). Finally, CRSC payments are not subject to Chapter 13 bankruptcy court orders to pay a Chapter 13 trustee.

1.1.3.3. CRSC is subject to a deduction of Survivor's Benefit Plan (SBP) premium, when retired pay is not adequate, for a person who has elected to participate in the SBP. See paragraph [8.3](#).

1.1.4. Tax Consideration.

CRSC payments are considered tax exempt from Federal income tax under provisions of [26 U.S.C. § 104](#).

1.2 Authoritative Guidance

The pay policies and requirements established by DoD in this chapter are derived primarily from, and prepared in accordance with the U.S.C., including Titles 10, 31, and 37. Due to the subject matter in this chapter, the list of authoritative sources is extensive. The specific statutes, regulations, and other applicable guidance that govern each individual section are listed in a reference section at the end of the chapter.

2.0 ENTITLEMENT

2.1 Monthly Entitlement

CRSC is a monthly entitlement. A retiree is entitled to CRSC for each month during which, for the entire month, the member:

2.1.1. Has applied for and elected CRSC under these provisions (section [3.0](#)),

2.1.2. Meets preliminary CRSC criteria (section [4.0](#)), and

2.1.3. Meets final CRSC criteria (section [5.0](#)).

2.2 Expanded Eligibility in 2008

As of January 1, 2008, section 641 of the FY 2008 National Defense Authorization Act and [10 U.S.C. § 1413a](#) provide special rules for CRSC-eligible retirees with fewer than 20 years of service, to include members who have waived their retired pay in order to receive VA disability compensation. This expanded authority includes both 10 U.S.C., Chapter 61 (10 U.S.C. §§ 1201-1222) disability retirees and Temporary Early Retirement Authority (TERA)

retirees. However, a Reserve Component retiree who receives retired pay for early retirement with physical disabilities under [10 U.S.C. § 12731b](#) is specifically excluded from entitlement to CRSC by 10 U.S.C. § 1413a(c)(1).

3.0 APPLICATION AND ELECTION

3.1 Application and Election

A member may not be paid CRSC unless he or she has applied for and elected to receive compensation under the CRSC program by filing an application on DoD (DD) Form 2860, Claim For Combat-Related Special Compensation (CRSC), with the Military Department from which he or she retired. A member may submit an application for CRSC at any time and, if otherwise qualified for CRSC, compensation will be paid for any month after May 2003 for which all conditions of eligibility were met, subject to any legal limitations.

3.2 Election of CRSC or Concurrent Retirement and Disability Payments (CRDP)

The law states that a member eligible for both CRSC, under 10 U.S.C. § 1413a, and CRDP, under [10 U.S.C. § 1414](#), may not receive both, but must elect which compensation to receive. The Defense Finance and Accounting Service (DFAS)-Cleveland site will advise the member which of the two payments is being paid pursuant to such election. In addition, the DFAS-Cleveland site will provide an annual notice to the member of their entitlements under both programs. If the gross amounts payable change under either program, a member may then change their election during the annual open season period (normally between January 1 and January 31) as set forth by DFAS each year. The member will have one opportunity annually to reverse the current election. This will allow the member to assess the impact of annual adjustments to retired pay, VA disability compensation, CRSC, and CRDP. The DFAS-Cleveland site will advise members of their options and the procedures to make such elections. See also Chapter 64 for more information.

4.0 PRELIMINARY CRITERIA

A retired member of the Uniformed Services must satisfy the following applicable conditions to meet the preliminary criteria to receive CRSC.

4.1 Years of Service Requirement

4.1.1. June 1, 2003 Through December 31, 2003. A retired member must have had 20 or more years of service for the purpose of computing retired pay.

4.1.2. January 1, 2004 Through December 31, 2007. Beginning January 1, 2004, and prior to January 1, 2008, a retired member must have had 20 or more years of service for the purpose of computing retired pay or have been entitled to Reserve Component retired pay under 10 U.S.C. § 12731 (other than by reason of § 12731b) to be eligible for CRSC.

4.1.3. Before January 1, 2008. For the purposes of both subparagraphs [4.1.1](#) and [4.1.2](#) the following apply:

4.1.3.1. The 20 years of service required for computing retired pay may be inferred from the retired pay multiplier. Thus, a member who retired for years of service (not for disability under 10 U.S.C., Chapter 61) who has a retired pay multiplier of not less than 50 percent, or a member retired under the Military Retirement Reform Act of 1986 (referred to as REDUX) who is still under age 62 with a retired pay multiplier of not less than 40 percent, may be presumed to have at least 20 years of service for retired pay computation purposes. [The Military Departments are not bound by such presumption if there is documentary information to the contrary. In such cases the Military Departments shall base their determinations on the documentary information available.](#) A member who retired under 10 U.S.C., Chapter 61 should be evaluated in terms of what the multiplier would be if the member had not retired for disability. See subparagraph 4.1.3.4.

4.1.3.2. A member retired under the provisions of section 4403 of [Public Law 102-484](#), October 23, 1992, as amended, and by section 504 of [Public Law 112-81](#), December 31, 2011 (commonly known as the TERA program) is generally not eligible unless the member is credited with sufficient service for a 50 percent multiplier or has been recalled to active duty long enough to accumulate 20 years or more of service in the Uniformed Services for the purpose of computing retired pay. Service in Public and Community Service positions under the provisions of section 4403 of Public Law 102-484, October 23, 1992, that is creditable for re-computation of retired pay at age 62 does not count for these purposes. A TERA retiree who has a retired pay increase of 10 percent granted on the basis of extraordinary heroism is not eligible under these provisions if the retired pay multiplier would otherwise be less than 50 percent.

4.1.3.3. Prior to January 1, 2004, a retired reservist had to have at least 7,200 points to be eligible for CRSC. Effective January 1, 2004, a retired Reservist with retired pay computed under 10 U.S.C. § 12731 is eligible for CRSC unless retired for disability under 10 U.S.C. § 12731b with more than 15 but less than 20 years as required under 10 U.S.C. § 12731(a)(2). Specifically, those retired under the Reserve TERA provisions, as prescribed in [10 U.S.C. § 12731a](#), who served fewer than 20 years, but were considered to meet the criteria of 10 U.S.C. § 12731(a)(2) are eligible under these provisions.

4.1.3.4. CRSC is payable to otherwise qualifying applicants receiving retired pay based on the DoD-assigned percentage of disability under 10 U.S.C., Chapter 61. For such members, the CRSC payment is subject to reduction as explained in paragraph 8.5.

4.1.4. [On or After January 1, 2008.](#) A retired member who meets the criteria of paragraphs 4.2 through 4.4 satisfies the preliminary criteria to receive CRSC, without regard to having 20 or more years of creditable service for computing retired pay.

4.1.4.1. A member retired for disability under 10 U.S.C., Chapter 61, with less than 20 years of service is eligible to receive CRSC, subject to reduction under subparagraph 8.5.2.

4.1.4.2. A member retired under the provisions of section 4403 of Public Law 102-484, October 23, 1992, as amended, and by section 504 of Public Law 112-81, December 31, 2011, (commonly known as the TERA program) is entitled to CRSC. The monthly amount of CRSC payable to qualifying TERA retirees will not be reduced under the special rules for CRSC-entitled disability retirees with less than 20 years of service that are applicable only to Chapter 61 retirees.

4.2 Retired Status

A member must be in a retired status (i.e., on the retired rolls), or have been transferred to the Fleet Reserve or Fleet Marine Corps Reserve. A member who is recalled to, or retained on, active duty is not in a retired status and therefore is not entitled to CRSC for such period of active duty.

4.3 Entitled to Retired Pay

4.3.1. A member must be entitled to retired pay, notwithstanding that such retired pay may be reduced due to receipt of VA disability compensation. A reservist who has not reached the requisite age to receive retired pay (generally age 60) is not eligible to receive CRSC payments. See Chapter 1, subparagraph 3.8.6, for when the eligibility age of a reservist will be reduced below 60 years of age and become eligible for retired pay.

4.3.2. A member who waives retired pay in order to credit military service for the purposes of establishing eligibility for a civil service retirement, or for any reason other than to receive disability compensation from the VA, is not eligible to receive CRSC payments. A member who combines his military time with his civil service time for the sole purpose of enhancing his civil service retirement may be eligible for CRSC if the member is still eligible to receive military retired pay. Members should consult the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) [*Handbook for Personnel and Payroll Offices*](#) for further information on eligibility.

4.4 Qualifying Disability Ratings (Percentages)

4.4.1. A member must be entitled to compensation for service-connected disabilities under [*38 U.S.C.*](#), as rated by the VA. The rating must be awarded prior to the member's date of death.

4.4.2. Disability ratings by the Secretary of the Military Department concerned (or designee), 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 the amount of CRSC payable to an eligible retiree 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.

5.0 FINAL CRITERIA

In order for the member to be entitled to CRSC, the member must meet all four preliminary CRSC criteria (as prescribed in paragraphs 4.1 through 4.4), and the appropriate Service must determine that the member has a combat-related disability or disabilities, as defined by paragraphs 5.1 and 5.2, that are compensated by the VA.

5.1 Purple Heart Disability

5.1.1. Purple Heart Disability is a disability with an assigned medical diagnosis code from the VA Schedule for Rating Disability (VASRD) that was attributed to injuries for which the member was awarded a Purple Heart.

5.1.2. If the member meets the preliminary CRSC criteria and has been awarded a Purple Heart, then the Military Department must determine which disabilities of the member, if any, are attributed to Purple Heart injuries. If the member was not awarded a Purple Heart, then no such determination will be made.

5.1.3. Determination that a disability is a Purple Heart Disability requires documentary information that there is a sufficient causal relationship between the disability and 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 be included in any other CRSC determinations based on combat-related disabilities.

5.2 Other Combat-Related Disabilities

A combat-related disability is a disability with an assigned medical diagnosis code from the VASRD and which a Military Department has determined is combat-related based on the following criteria:

- 5.2.1. The disability was incurred as a direct result of armed conflict,
- 5.2.2. The disability was incurred while engaged in hazardous service,
- 5.2.3. The disability was incurred in the performance of duty under conditions simulating war, or
- 5.2.4. The disability was incurred through an instrumentality of war.

NOTE: The Department will record for each disability determined to be combat-related which of the criteria provided at subparagraphs 5.2.1 through 5.2.4 qualifies the disability as combat-related. A determination of combat-relatedness (see section 6.0) will be made concerning 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. An uncorroborated statement in a record

that a disability is combat-related will not, by itself, be considered determinative for purposes of meeting the combat-related standards for CRSC prescribed herein. CRSC determinations must be made based on the program criteria.

6.0 DETERMINATIONS OF COMBAT-RELATEDNESS

The following criteria, terms, definitions, and explanations will apply to making combat-related determinations in the CRSC Program.

6.1 Direct Result of Armed Conflict

6.1.1. The disability is a disease or injury incurred in the line of duty as a direct result of armed conflict. To support a combat-related determination, it is not sufficient to only state the fact that a member incurred the disability during a period of war, in an area of armed conflict, or while participating in combat operations. There must be a definite causal relationship between the armed conflict and the resulting disability.

6.1.2. Armed conflict includes a war, expedition, occupation of an area or territory, battle, skirmish, raid, invasion, rebellion, insurrection, guerilla action, riot, or any other action in which Service members are engaged with a hostile or belligerent nation, faction, force, or with terrorists.

6.1.3. Armed conflict may also include incidents involving a member while interned as a prisoner of war, while detained against his or her will in the custody of a hostile or belligerent force, or while escaping or attempting to escape from such confinement, prisoner of war, or detained status.

6.2 While Engaged in Hazardous Service

Hazardous service is service that includes, but is not limited to, aerial flight, parachute duty, demolition duty, experimental stress duty, and diving duty. A finding that a disability is the result of hazardous service requires that the injury or disease be the direct result of actions taken in the performance of such service. Travel to and from such service, or actions incidental to a normal duty status not considered hazardous, are not included.

6.3 In the Performance of Duty Under Conditions Simulating War

In general, performance of duty under conditions simulating war covers disabilities resulting from military training, such as war games, practice alerts, tactical exercises, airborne operations, leadership reaction courses, grenade and live fire weapon practice, bayonet training, hand-to-hand combat training, repelling, and negotiation of combat confidence and obstacle courses. It does not include physical training activities such as calisthenics, jogging, formation running, or supervised sport activities.

6.4 Instrumentality of War

6.4.1. There must be a direct causal relationship between the instrumentality of war and the disability. It is not required that a member's disability be incurred during an actual period of war. The disability must be incurred incident to a hazard or risk of the service.

6.4.2. 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. It may also include such instrumentality not designed primarily for Military Service if use of or occurrence involving such instrumentality subjects the individual to a hazard peculiar to Military Service. Such use or occurrence differs from the use or occurrence under similar circumstances in civilian pursuits.

6.4.3. 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 materiel.

6.4.4. For example, if a member is engaging in a sporting activity while on a field exercise and falls and strikes an armored vehicle, the injury would not be considered the result of an 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, then the injury would be considered the result of an instrumentality of war.

7.0 SPECIAL MONTHLY COMPENSATION (SMC)

7.1 General

SMC, under [38 U.S.C. § 1114](#), is payable for anatomical loss or loss of use of specific organs or parts of the body as a result of service-connected disabilities. SMC is payable in addition to the basic rate of compensation otherwise payable on the basis of degree of disability, provided that the combined rate of compensation does not exceed the monthly rate set forth in 38 U.S.C. § 1114(k).

7.2 Special Determination

Each Military Department will make a special determination regarding whether a member entitled to CRSC who also receives SMC from the VA under 38 U.S.C. § 1114(k) through (s) could receive increased CRSC as a result of an SMC determination. The Military Department will first determine whether all the member's VA-compensated disabilities have been determined to be combat-related disabilities under the CRSC program. For members with VA-compensated disabilities that are both combat-related and non-combat-related, the Military Department will classify each award of SMC as either Combat-Related SMC (CR-SMC) or Non-Combat-Related SMC (Non-CR-SMC), consistent with the corresponding determination of the diagnostic codes on

which the SMC is based. The DFAS-Cleveland site will be notified of all such determinations and will include any CR-SMC in CRSC computations.

7.3 Grades Not Requiring SMC Determinations

The Military Department need not make a combat-related determination for any member who would not receive added compensation even if SMC was determined to be combat-related. Any SMC on such member will be passed to DFAS as “undetermined combat-relatedness.”

8.0 CRSC AMOUNT

The monthly amount of CRSC is equal to the full monthly amount prescribed in paragraph 8.1, reduced as prescribed in paragraph 8.5 and limited in accordance with paragraph 8.2.

*8.1 Gross Monthly Amount

The monthly amount of disability compensation the member would be paid by the VA under the provisions of 38 U.S.C. 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. Applicable compensation is set forth in [38 U.S.C., Chapter 11](#). See section 5.0.

Example: A member with a spouse and two children has qualifying combat-related disabilities rated at 100 percent by the VA. The member’s current monthly VA benefit amount is \$3,537.49 which is the prescribed rate for a 100 percent disability for a veteran with a spouse and two children as of December 1, 2020. The gross monthly amount for CRSC purposes is based on this full rate and not just the veteran-alone amounts as applied to CRSC for periods on or after January 1, 2004.

8.1.1. Compensation of 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 VA uses to determine the member’s full disability compensation. For example, if a member is compensated by VA at the 100 percent disability rate for a veteran with spouse and one child and the combat-related percentage is 60 percent, then the gross CRSC will be determined as the 60 percent rate for a veteran with a spouse and one child. The rates of such compensation are set forth in [38 U.S.C. § 1115](#) and are also located at <https://www.va.gov/disability/compensation-rates/veteran-rates>.

8.1.2. SMC. The amount of SMC will be considered as part of gross CRSC compensation only if the SMC is paid on the basis of disabilities determined by the Military Department to be combat-related. See section 7.0.

8.1.3. Retired Members Considered Unemployable. Under the laws governing the VA, members who qualify for the Individual Unemployability supplement to VA Disability Compensation under the provisions of [38 CFR 4.16](#) are entitled to receive monthly VA disability compensation payment equal to the amount that they would receive if rated by the VA as 100 percent disabled. In such cases, DFAS will coordinate with VA to determine the amount of VA Disability compensation actually provided to the member, irrespective of the VA schedule rating percentage. CRSC entitlement will be determined based on the amount of VA Disability compensation actually paid by the VA and the amount of military retired pay waived to receive VA Disability compensation, subject to the other criteria and limitations found in this chapter. See paragraphs [8.2](#) and [8.5](#).

*8.2 Adjusted Amount

The CRSC payment may not exceed the current reduction in retired pay applicable to the retiree under [38 U.S.C. § 5304](#) and [38 U.S.C. § 5305](#). Thus, CRSC is not payable if there is no reduction because the member is not receiving any monthly disability compensation from VA, or because the member is not receiving retired pay (such as a reserve member before reaching retirement age at 60 or other reduced retirement age), or for other reasons (such as a member who waives military retired pay in order to credit military service for a civil service retirement). The amount of a member's CRSC entitlement will be adjusted to be the lesser of the gross CRSC from paragraph [8.1](#) or the reduction to the retired pay entitlement.

Example: The member, described in paragraph [8.1](#) is retired after 22 years of service with a high-three pay base of \$4,500, resulting in retired pay of \$2,475 monthly (55 percent of \$4,500). The potential retired pay of \$2,475 is reduced to \$0 by receipt of the VA disability compensation. Thus the adjusted amount of CRSC is the \$2,475 reduction in retired pay since it is less than the gross amount of \$3,537.49 determined in the example in paragraph [8.1](#).

8.3 Deduction From CRSC When Retired Pay Not Adequate

Pursuant to 10 U.S.C. § 1452(d)(2), if a deduction from the member's retired pay for any period cannot be made in the full amount required to satisfy the SBP premium, the premium will be deducted from the retiree's CRSC in lieu of deduction from the member's retired pay in the amount that would otherwise have been deducted from the member's retired pay for that period.

8.4 SBP Premium Deduction From CRSC When Dependency and Indemnity Compensation (DIC) Offset is Applicable

Pursuant to 10 U.S.C. § 1450(e), the SBP premium deducted from CRSC of the deceased will be refunded to the surviving spouse when DIC offset is applicable. See Chapter 46.

*8.5 CRSC Payment Reduction for 10 U.S.C., Chapter 61 Disability Retirees

The adjusted monthly amount specified in paragraph [8.2](#) will be reduced according to the provisions of subparagraph [8.5.1](#) or [8.5.2](#), whichever is applicable.

8.5.1. Reduction for Periods Prior to January 1, 2013.

8.5.1.1. Members retired for disability under 10 U.S.C., Chapter 61 with 20 years or more of creditable service computed under section [10 U.S.C. § 1208](#) will have the maximum CRSC payment reduced by the amount, if any, by which the amount of the member's gross retired pay under Chapter 61 exceeds the applicable retired pay to which the member would otherwise have been entitled under any other provisions of law. A retiree who accepted the Career Status Bonus will have the reduced amount calculated based on retired pay that would otherwise have been computed under [10 U.S.C. § 1409\(b\)\(2\)](#).

Example: The member described in paragraph 8.2, who would have received \$2,475 in retired pay had he retired for his years of service, was retired under 10 U.S.C., Chapter 61 with a disability rated at 60 percent. Thus, the member receives retired pay of \$2,700 monthly (60 percent of \$4,500). However, in this case, the member has a combined VA rating of 100 percent, but combat-related disabilities rated at 60 percent. The member's current monthly VA benefit amount is \$3,537.49, of which \$1,380.39 is combat-related. The member has a total offset of retired pay. The maximum CRSC entitlement under paragraphs 8.1 and 8.2 is \$1,380.39. The maximum CRSC entitlement will be reduced by the difference in the Chapter 61 retirement and the longevity retirement amounts, or \$225 (\$2,700 less \$2,475). This reduction reflects the amount by which the member's disability retired pay exceeds his or her longevity retired pay. The member's CRSC benefit of \$1,380.39 is reduced by \$225 to \$1,155.39. In this case, the member will receive \$3,537.49 from the VA and \$1,155.39 in CRSC from DoD.

8.5.1.2. Members retired for disability under 10 U.S.C., Chapter 61 with less than 20 years of creditable service computed under 10 U.S.C. § 1208 and who initially qualify for CRSC on or after January 1, 2008, will have the maximum CRSC payment reduced by the amount, if any, by which the amount of the member's gross retired pay under Chapter 61 exceeds the amount that is equal to 2½ percent of the member's years of creditable service multiplied by the member's retired pay base under [10 U.S.C. § 1406\(b\)\(1\)](#) or [10 U.S.C. § 1407](#), whichever is applicable to the member.

NOTE: A retired reserve member, retired under the provisions of 10 U.S.C., Chapter 61 is entitled to CRSC. The gross amount of CRSC determined under paragraph 8.1 will be adjusted as required under paragraph 8.2 and then further reduced under paragraph 8.5. For Reserve Component members with less than 20 years of service as determined under [10 U.S.C. § 12733](#), reduce the adjusted CRSC amount by the amount, if any, by which the disability retired pay exceeds the amount equal to 2½ percent times the years of creditable service determined under 10 U.S.C. § 12733 multiplied by the member's applicable retired pay base. For Reserve Component members with 20 or more years of service as determined under 10 U.S.C. § 12733, reduce the adjusted CRSC amount by the amount, if any, by which the disability retired pay exceeds the retired pay to which the member would be entitled if the member were 60 years old.

8.5.2. Reductions for Periods On or After January 1, 2013.

8.5.2.1. Members retired for disability under 10 U.S.C., Chapter 61 with 20 or more years of creditable service computed under section 10 U.S.C. § 1208 will have the maximum CRSC payment restricted to the amount, which when combined with any remaining retired pay after VA offset, will not exceed the applicable retired pay to which the member would otherwise have been entitled under any other provisions of law.

A retiree who accepted the Career Status Bonus will have the reduced amount calculated based on retired pay that would otherwise have been computed under 10 U.S.C. § 1409(b)(2).

Example: The same member, as described in paragraph 8.2, was retired under 10 U.S.C., Chapter 61, with a disability rated at 60 percent. Thus, the member receives retired pay of \$2,700 monthly (60 percent of \$4,500). However, in this case, the member has a combined VA rating of 100 percent, but combat-related disabilities rated at 60 percent. The member's current monthly VA benefit amount is \$3,537.49, of which \$1,380.39 is combat-related. The member has a total offset of retired pay. Since there is no residual retired pay after offset of the full VA benefit amount, the member's CRSC entitlement of \$1,380.39, is fully payable as it does not exceed the applicable retired pay to which the member would otherwise have been entitled under any other provisions of law. In this case, the member will receive \$3,537.49 from the VA and \$1,380.39 in CRSC from DoD.

8.5.2.2. Members retired for disability under 10 U.S.C., Chapter 61, with less than 20 years of creditable service computed under 10 U.S.C. § 1208, and who are qualified for CRSC, on or after January 1, 2013, will have the maximum CRSC payment restrictions. The CRSC payment amount, which when combined with any remaining retired pay after VA offset, will not exceed the amount that is equal to 2½ percent of the member's years of creditable service multiplied by the member's retired pay base under 10 U.S.C. § 1406(b)(1) or 10 U.S.C. § 1407, whichever is applicable to the member.

NOTE: A retired reserve member, retired under the provisions of 10 U.S.C., Chapter 61, is entitled to CRSC. The gross amount of CRSC determined under paragraph 8.1 will be adjusted as required under paragraph 8.2. For Reserve Component members with less than 20 years of service as determined under 10 U.S.C. § 12733, the CRSC amount when combined with the amount of retired pay payable to the retiree after reduction for the full VA disability compensation, if any, may not exceed the disability retired pay amount that is equal to 2½ percent (2 percent if under Blended Retirement System) times the years of creditable service determined under 10 U.S.C. § 12733 multiplied by the member's applicable retired pay base. For Reserve Component members with 20 or more years of service as determined under 10 U.S.C. § 12733, the CRSC amount when combined with the amount of retired pay payable to the retiree after reduction for the full VA disability compensation, if any, may not exceed the disability retired pay to which the member would be entitled if the member were 60 years old.

8.5.3. Chapter 61 Disability Retiree Out-Year Deductions. In all cases, once established (based on date the member was first placed on either the Permanent or Temporary Disability Retirement List), the CRSC reduction amount will be increased by each increase in the retired pay cost of living allowance. It will not be re-computed using current pay tables unless the member otherwise qualifies for re-computation of retired pay by reason of recall to duty or correction of official records.

9.0 COMBINED DISABILITY RATING PERCENTAGE

9.1 The VA Combined Ratings Table

The combined disability rating table combines multiple disability ratings as set forth in [38 CFR 4.25](#). The table is based on the consideration of an individual's efficiency, as affected by the most disabling conditions, if any, in the order of severity. Thus, a person having a 60 percent disability is considered 40 percent efficient. Proceeding from this 40 percent efficiency, the effect of a further 30 percent disability is to leave only 70 percent of the efficiency remaining after consideration of the first disability (70 percent of 40 percent), leaving 28 percent efficiency altogether. The individual is thus 72 percent disabled.

9.2 Multiple Combined Disability Ratings

When a retiree has two or more disability ratings, use the following formula to determine the combined rating of multiple disabilities:

9.2.1. Subtract each disability percent from 100 percent to obtain the remaining efficiency,

9.2.2. Multiply the remaining efficiencies together,

9.2.3. Subtract the result from 100 percent, and

9.2.4. Round to the nearest 10 percent (round upward for 5 percent and up, down for 4 percent and below) to determine the combined disability rating.

Example 1: Consider a retiree having three disabilities from VA, rated 50 percent, 40 percent, and 30 percent. If added together, then the total would be 120 percent. Instead, the member's combined rating is determined as follows:

1. The three disabilities leave efficiencies of 50 percent, 60 percent, and 70 percent respectively;

2. Multiply the three efficiencies together:

$$.50 \times .60 \times .70 = .21 \text{ or } 21 \text{ percent;}$$

3. The disability is 100 percent less 21 percent = 79 percent; and

4. Adjust the result upward to a combined disability rating of 80 percent.

Example 2: Now consider what happens if the Military Department determines that only the 40 percent and 30 percent disabilities are combat-related, then the member's combined disability rating for CRSC would be:

1. The two disabilities of 40 percent and 30 percent leave efficiencies of 60 percent and 70 percent;

2. Multiply the two efficiencies together:

$$.60 \times .70 = .42 \text{ or } 42 \text{ percent;}$$

3. The disability is 100 percent less 42 percent = 58 percent; and

4. Adjust the result upward to a combined disability rating of 60 percent.

*9.3 VA Retroactive Increase

When VA makes a retroactive increase in a member's VA disability compensation pertinent to a member's combat-related disabilities under CRSC, DFAS and VA will exchange data to determine the additional retroactive amount that the member is entitled to receive as the result of CRSC. DFAS will compute the additional CRSC entitlement and advise VA in order for VA to pay the member the appropriate additional authorized VA disability compensation. Any increase affecting CRSC qualified disabilities in the current month requires that CRSC be re-computed. **No retroactive CRSC may be paid to a deceased member or to a survivor based on a retroactive VA Disability compensation increase that was awarded after a member died.**

9.4 Impact to Uniformed Services Former Spouse's Protection Act Payments When a Military Retiree is Retroactively Awarded Disability Compensation or CRSC

CRSC payments that become payable to a retiree as a result of a retroactive VA or CRSC award will be reduced by all amounts of the retired pay and CRDP previously paid from the retiree's account, including payments to his or her former spouse. Payments of retired of retired pay to a former spouse pursuant to a valid court order, but prior to a retroactive VA or CRSC award, were not and do not become erroneous overpayments.

10.0 REVIEW PROCESS

10.1 Basis for Determination

10.1.1. 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.

10.1.2. The burden of proof that a disability is combat-related rests with the applicant, who is required to provide copies of documents in his or her possession to the best of his or her ability. A record submitted by a member may be used in support of his or 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. If necessary, the Military Departments, under agreement with VA may request copies of certain documents (i.e., DD 214, “Certificate of Release or Discharge From Active Duty”, medical records, final VA ratings) from VA to support CRSC determinations.

10.2 Processing of Applications

Each Military Department will receive and process applications submitted by members retired from that Military Department on DD 2860, Claim For Combat-Related Special Compensation (CRSC). Applications will be reviewed, and an application will be approved only if the applicant satisfies both preliminary and final CRSC criteria. An application must be received by the military department prior to the member’s death in order to be considered. An application for CRSC submitted by a member’s survivors will not be considered. The DFAS-Cleveland site will be notified of each approved application for payment.

10.2.1. Initial Review. Each Service Department will review the member’s application to determine if the member meets the preliminary criteria in section 4.0. If a member does not satisfy each of the preliminary CRSC criteria, then the application will be denied and no further consideration is necessary. The member may reapply when his or her ratings satisfy the specified thresholds and meet all four preliminary CRSC criteria in section 4.0.

10.2.2. Final Review. If the member meets all four preliminary criteria in section 4.0, then the Military Department will determine whether the member’s disabilities are qualifying combat-related disabilities, as prescribed in section 6.0. The Military Department will record each disability determined to be combat-related with assigned medical diagnosis code from VASRD. The Military Department will forward the approved claims with VASRD codes categorized as either combat or Purple Heart to the DFAS-Cleveland site for payment.

*10.3 Denial and Appeal

10.3.1. Denial. When a Military Department denies a CRSC application, they will provide a letter to the member specifying the reasons(s) for the denial. The Military Department will inform the member that he or she may seek reconsideration by submitting additional, clarifying, or new documentary information to the Military Department in support of his or her claim. The Military Department will review the additional or new 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, including application to the appropriate Board for Correction of Military Records (BCMR) under the provisions of [10 U.S.C. § 1552](#).

10.3.2. Appeal. The Military Department will provide the member a [DD 149](#), Application for Correction of Military Record Under the Provisions of Title 10, U.S. Code, section 1552, and the address of the BCMR, including its website.

*REFERENCES

CHAPTER 63 – COMBAT-RELATED SPECIAL COMPENSATION (CRSC)

1.0 – GENERAL

Public Law 107-314, section 636, December 2, 2002
Public Law 108-136, section 642,
November 24, 2003
Principal Director for the Under Secretary of
Defense (PDUSD) Personnel and Readiness
(P&R) Memo, May 21, 2003
PDUSD (P&R) Memo, April 27, 2004
Public Law 110-181, section 641, January 28, 2008
Office of the Under Secretary of Defense (OUSD)
(P&R) Memo, June 3, 2008
10 U.S.C. § 1413a

1.1 10 U.S.C. § 1413a
OUSD (P&R) Memo, June 3, 2008

1.1.1 10 U.S.C., Chapter 61
10 U.S.C. § 12731
OUSD (P&R) Memo, June 3, 2008

1.1.3 10 U.S.C. § 1408
10 U.S.C., Chapter 73
10 U.S.C. § 2774
31 U.S.C. § 3716
31 CFR, part 901

1.1.4 26 U.S.C. § 104

2.0 – ENTITLEMENT

2.2 Public Law 110-131, section 641, January 28, 2008
10 U.S.C. § 1413a
10 U.S.C., Chapter 61
10 U.S.C. § 12731(b)(1)

3.0 – APPLICATION AND ELECTION

3.2 10 U.S.C. § 1414
10 U.S.C. § 1413a

REFERENCES (Continued)

3.3 Deputy Secretary of Defense Memo,
January 27, 2022

4.0 – PRELIMINARY CRITERIA

4.1.2 10 U.S.C. § 12731
OUSD (P&R) Memo, June 3, 2008

4.1.3 PDUSD (P&R) Memo, April 27, 2004

4.1.3.1 10 U.S.C., Chapter 61

4.1.3.2 Public Law 102-484, section 4403, October 23, 1992
10 U.S.C. § 1293, note
Public Law 112-81, section 504, December 31, 2011

4.1.3.3 10 U.S.C. § 12731
10 U.S.C. § 12731a
10 U.S.C. § 12731b
10 U.S.C. § 12731(a)(2)

4.1.3.4 10 U.S.C., Chapter 61

4.1.4.1 10 U.S.C., Chapter 61

4.1.4.2 Public Law 102-484, section 4403, October 23, 1992
10 U.S.C. § 1293, note
Public Law 112-81, section 504, December 31, 2011

4.3.1 38 U.S.C. § 5305

4.3.2 38 U.S.C. § 5304

4.4 38 U.S.C.

5.0 – FINAL CRITERIA

10 U.S.C. § 1413^a
PDUSD (P&R) Memo, May 21, 2003

6.0 – DETERMINATIONS OF COMBAT READINESS

10 U.S.C. § 1413^a
PDUSD (P&R) Memo, May 21, 2003

REFERENCES (Continued)

7.0 – SPECIAL MONTHLY COMPENSATION (SMC)

[PDUSD \(P&R\) Memo, April 27, 2004](#)

7.1 38 U.S.C. § 1114
38 U.S.C. § 1114(k)

7.2 38 U.S.C. § 1114(k) through (s)

8.0 – CRSC Amount

8.1 10 U.S.C. § 1413a
38 U.S.C., Chapter 11

8.1.1 38 U.S.C. § 1115
[PDUSD \(P&R\) Memo, April 27, 2004](#)

8.1.3 38 U.S.C. § 1114(j)
38 CFR 4.16 and 4.18
[PDUSD \(P&R\) Memo, April 27, 2004](#)

8.2 38 U.S.C. § 5304
38 U.S.C. § 5305
OUSD (P&R) Memo, June 3, 2008
[OUSD \(P&R\) Memo, June 3, 2008](#)

8.3 10 U.S.C. § 1452(d)(2)

8.4 10 U.S.C. § 1450(e)

8.5.1 10 U.S.C., Chapter 61
10 U.S.C. § 1208
10 U.S.C. 1409(b)(2)
Public Law 112-239, section 643, January 2, 2013
10 U.S.C. § 1413a(b)(3)

[8.5.1.1 OUSD \(P&R\) Memo, June 3, 2008](#)

8.5.2 10 U.S.C., Chapter 61
10 U.S.C. § 1208
10 U.S.C. § 1406(b)(1)
10 U.S.C. § 1407
10 U.S.C. § 12733
Public Law 112-239, section 643, January 2, 2013

REFERENCES (Continued)

10 U.S.C. § 1413a(b)(3)

8.5.2.1

10 U.S.C. § 1413a(b)(3)(B) as amended by Public Law 114-328, January 1, 2018

8.5.3

OUSD (P&R) Memo, June 3, 2008

9.0 – COMBINED DISABILITY RATING PERCENTAGE

9.1

38 CFR 4.25

9.4

DoD Office of the General Counsel (Fiscal) Memorandum, August 6, 2019

10.0 – REVIEW PROCESS

PDUSD (P&R) Memo, May 21, 2003

10.3

10 U.S.C. § 1552
10 U.S.C. § 1556