

**COMPENSATION OFFSETS-MILITARY RETIRED PAY  
TRAINEE HANDOUT**

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## **OBJECTIVES**

### **OBJECTIVES**

The trainee will know:

What nonduplication of benefits means

how to confirm/verify receipt of retired pay

how to prepare to input award by calculating amount to withhold

how to input/adjust the award in the appropriate system

prepare the notification letter to the Veteran in the appropriate system

### **TIME REQUIRED**

4 hours: 3 hours for lecture and review exercises; and 1 hour for demonstration of live case.

## REFERENCES

- 38 U.S.C. 5304 Prohibition against duplication of benefits
- 38 CFR 3.401(e) Effective date: Retired pay
- 38 CFR 3.700 Concurrent benefits and Elections (General)
- 38 CFR 3.750 Entitlement to concurrent receipt of military retired pay and disability compensation
- M21-1MR, Part III.v.5 Military Retirement Pay
- VA Compensation Rate Tables
- Compensation Service Calendar page
- April 2011 C&P Bulletin Addendum

### **38 U.S.C. 5304**

**(a)(1)** Except as provided in section 1414 of title 10 or to the extent that retirement pay is waived under other provisions of law, not more than one award of pension, compensation, emergency officers', regular, or reserve retirement pay, or initial award of naval pension granted after July 13, 1943, shall be made concurrently to any person based on such person's own service or concurrently to any person based on the service of any other person.

### **38 CFR 3.750**

**Retired Pay** -*“payment received by a veteran that is classified as retired pay by the Service Department, including retainer pay, based on the recipient's service as a member of the Armed Forces or as a commissioned officer of the Public Health Service, the Coast and Geodetic Survey, the Environmental Science Services Administration, or the National Oceanic and Atmospheric Administration.”*

# TOPIC 1: CONFIRM RETIRED PAY

## I. Confirm: Review or develop for confirmation of Retired Pay

1. DD Form 214
  - a. This will only verify veteran is retired, not amount
2. VA Form 21-526 in Part A, Section VII on Military information Item box 21a-d.
  - a. Be advised, sometimes the veteran will put the amount in the appropriate block, however, the trainee should not rely on this amount to be correct.
3. VA Form 21-526EZ in Section III: Service Pay, boxes 16A-C.
  - a. A mark in box 17 indicates that the Veteran does not want VA compensation
4. VA Form 21-651 gives the veteran the option to elect compensation in lieu of Retired Pay or vice versa. The veteran signing Item box 21e of VA Form 21-526 is another method to request the same election.
5. Review Miscellaneous Screen (MSC), under BIRLS Inquiry in SHARE

Retire Pay SBP  
 CURR = as of 12-01-  
 current FY  
 PRIOR = Prior year

6. If no entry/record,
  - a. Contact Defense Finance and Accounting Service (DFAS)
    - Call 1-800-321-1080
    - Remember to complete a VA Form 27-0820 for record of call!

## TOPIC 2: PREPARATION TO INPUT AWARD

### II. Prepare: Preparation to input award

#### 1. Research factors that affect the withholding of retired pay.

- Is it an original or increased rating or an increase of benefits?
- What are the retired pay entitlement amounts?
- What are the total compensation entitlement amounts?
- What is the cutoff date to stop withholding compensation?

#### Checklist

- Generate “dummy” award or use the rate charts to obtain new gross amounts.
- Make sure to include all payment change dates from the date of increase to the cutoff date.

#### 2. Determine Withholding Amounts

##### Original Award:

Retired Pay > Compensation = withhold all Compensation until cutoff date on Calendar page. In other words, on original awards the veteran does not receive any compensation until cutoff date.

Example: Retired Pay of \$1,000 and Original award of \$200 = withhold \$200

##### Increased Award:

Retired Pay > Compensation = Increased rate - Current Compensation - = withheld amount

Example: Retired Pay of \$1,000 and Current benefits of \$200. Increased award \$450  
\$450 - \$200 = withhold \$250 and pay \$200

**Note:** No matter the increased amount, as long as Retired Pay is greater than Compensation we must pay veteran what they were previously paid and withhold the remaining amount.

## REVIEW EXERCISE

Take the below examples and prepare an award, by identifying effective date of withholding to the cutoff date based on today's date.

**Example 1: Original grant of compensation and the veteran's military retired pay exceeds his compensation benefit.**

The veteran was granted compensation at the 40% level with a payment date of 07/01/2012. He has no dependents. It is also noted that he has also been receiving military retired pay in the following amounts: \$1,000 from 07/01/2012, \$1,050 from 12/01/2012, and \$1,100 from 12/01/2013. The date of the last payment of the military retired pay is 6/01/2014. Complete the Withheld and Net Comp amounts.

<u>Date</u>	<u>Gross Comp</u>	<u>Withholding</u>	<u>Net Comp</u>
07-01-12	560.00		
12-01-12	569.00		
12-01-13	577.54		
06-01-14	577.54		

The next example shows on-going benefits and the veteran's compensation was increased.

**Example 2: Increased grant of compensation and the veteran's military retired pay exceeds his compensation benefit.**

The veteran was granted an increase rating from 20% to the 40% level with a payment date of 07/01/12. He has no dependents. It is also noted that he has also been receiving military retired pay in the following amounts: \$1,000 from 07/01/12, \$1,050 from 12/01/12, and \$1,100 from 12/01/13. The date of the last payment of the military retired pay is 6/01/14. Complete the Withheld amounts.

<u>Date</u>	<u>Gross Comp</u>	<u>Retired Pay</u>	<u>Current Comp</u>	<u>Withholding</u>
07/01/12	560.00	1,000.00	251.00	
12/01/12	569.00	1,050.00	255.00	
12/01/13	577.54	1,100.00	258.83	

06/01/14	577.54	0.00	577.54
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### **III. Input: Input award data using VETSNET and VBMS-A**

Once payment and the amount has been confirmed and verified, you will need to adjust the veteran's VA benefits, if applicable. This will be processed through either the VETSNET Award system, or VBMS-A. You can access both programs through the Start Menu.

1. Go to Start – VBAPPS – VETSNET – ☺ C&P Awards, or
2. Go to Start – VBAPPS – VBMS – VBMS-A

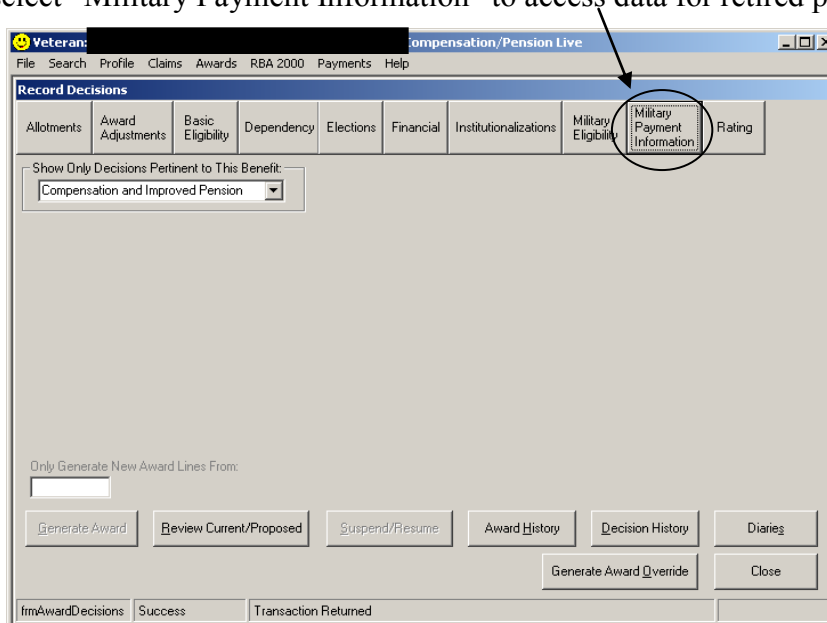
# JOB AID 1: VETSNET AWARD SCREEN

## Adjusting The Veteran's VA Benefits

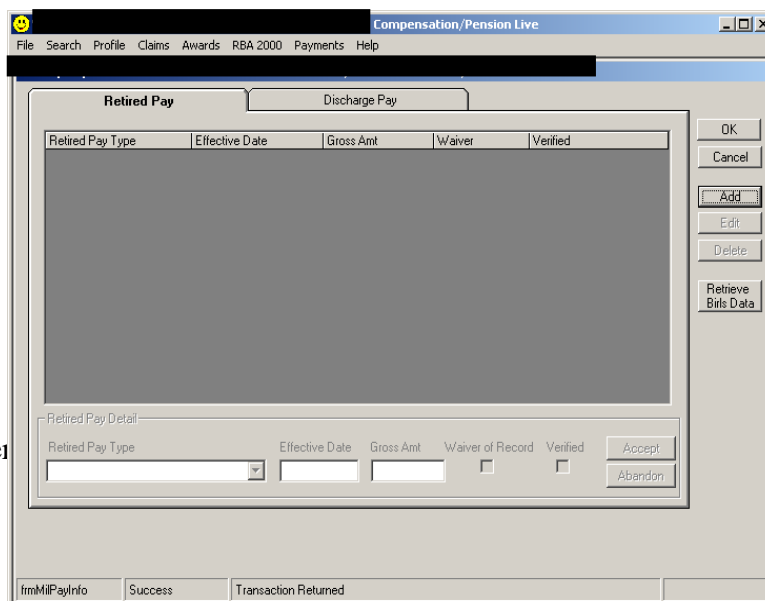
Below are the steps to adjust benefits in both the VETSNET Awards System, and the VBMS-A program.

Once you have accessed VETSNET Awards, you need to verify retired pay data is of record and if not, how to obtain the data.

1. Follow steps from VETSNET Overview lesson up to "Record Decision" button. Next, select "Military Payment Information" to access data for retired pay.



1. The below screen will either pull the data from the MSC screen in BIRLS or give you the option to retrieve the data. Once data is obtained the computer will place it in the proper category: Retired Pay type, Effective Date, Gross Amt, etc.



"Retrieve BIRLS Data" button will retrieve and input data from BIRLS MSC screen



**Note** – If withholding is appropriate, you must access the Award Adjustments screen to identify the amount of benefits to withhold.

2. The Award Adjustment button gives you a variety of options. We will concentrate on the “Retired Pay” selection. Refer to the below steps to input data to withhold.

On the **Award Adjustments screen**, go to **Retired Pay** tab:

1. Select the **Add** button.
2. Record the **Retired Pay Type** (use the drop-down menu)
3. Enter the **Adjustment Amount** (the amount to be withheld for retired pay).
4. Enter the **From Date**. (Payment date)
5. Enter the **To Date**. (stop adjustment based on Retired Pay cut off date from “Calendar” page)  
Refer to “Reference” lesson handout.
6. Optionally enter the **Total Waiver Date**. (this is rare)
7. Select **Accept** to update the grid.
8. Select **OK** to save the information and close the screen.

“Retired Pay Profile” is the data pulled from “Military Payment Information” screen

File Search Profile Claims Awards RBA 2000 Payments Help

**Award Adjustments**

Allotments Award Adjustments Basic Eligibility Dependency Elections Financial Institutionalizations Military Eligibility Military Payment Information Rating

Disability Pay Separation Pay **Retired Pay** Drill Pay Other Adjustments

Retired Pay Profile

From Date	Amount	Decision Date	Ret Pay Type	Adjustment Amt	From	To	Tot Wvr Dt
2/2006	\$ 1,000.00						
12/2006	\$ 1,275.00						

OK  
Cancel  
Add  
Edit  
Delete  
Undo  
History

Adjustment Decision

Retired Pay Type Adjustment Amount From Date To Date Total Waiver Date

Accept  
Abandon

frmConcurEnt Success Transaction Returned

## JOB AID 2: VBMS-A SCREEN

Once you have accessed VBMS-A, you need to verify retired pay data is of record and if not, how to obtain the data.

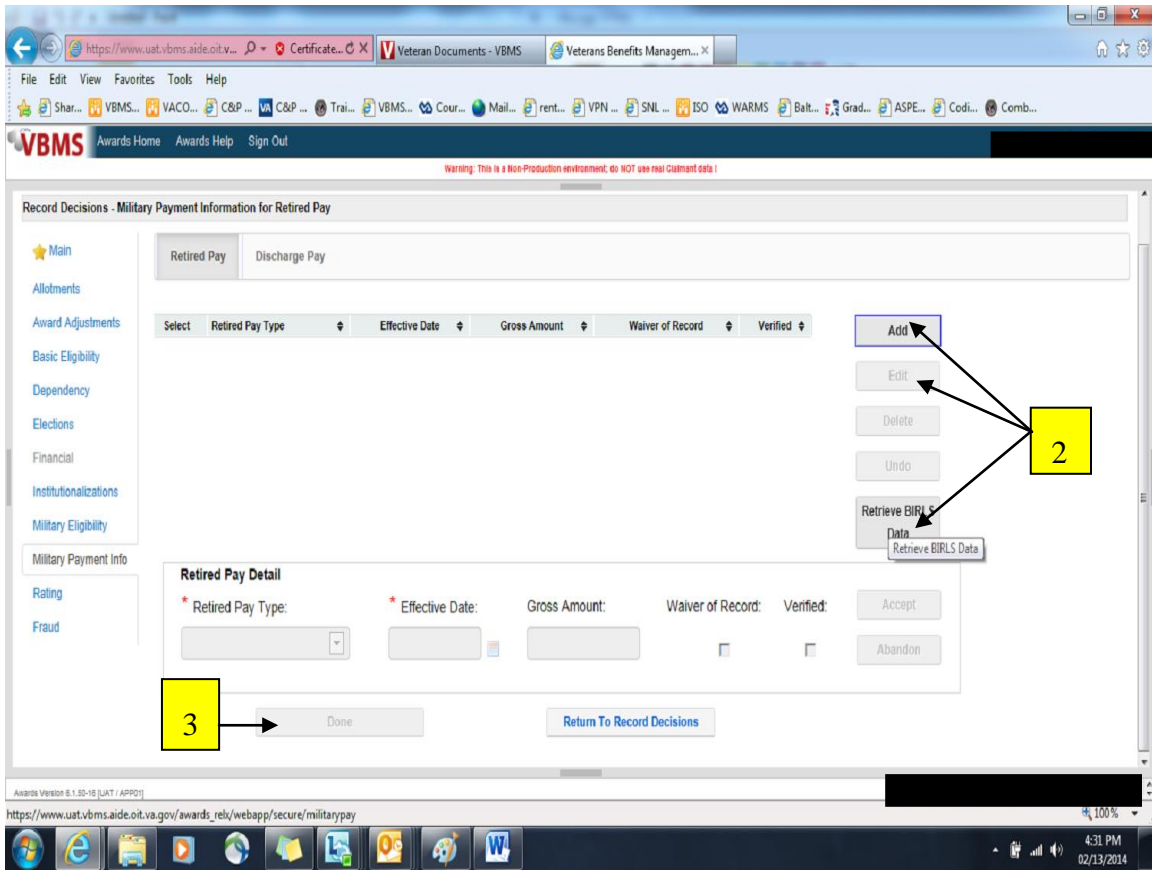
1. Follow steps from VBMS-A Overview lesson up to “Record Decision” button. Next, select “Military Payment Information” to access data for retired pay.

The screenshot shows the VBMS Awards Home interface. The top navigation bar includes 'VBMS Awards Home Awards Help Sign Out' and a warning: 'Warning: This is a non-Production environment; do NOT use real Claimant data!'. The main content area is titled 'Record Decisions' and features a sidebar on the left with various menu items. A yellow box with the number '1' points to the 'Military Payment Info' link in the sidebar. The main content area includes a dropdown for 'Show Only Decisions Pertinent to This Benefit:' set to 'Compensation', a section for 'Select Claims to Associate with the Award Action:' with 'Available Claims' and 'Selected Claims' tables, and a row of buttons at the bottom: 'Generate Award', 'Review Current/Proposed', 'Award History', 'Decision History', 'Diaries', 'Revert to Last Auth Award', 'Priors', and 'Return to All Awards'.

Claim Types	Name	Claim Date
New	[REDACTED]	09/01/2013

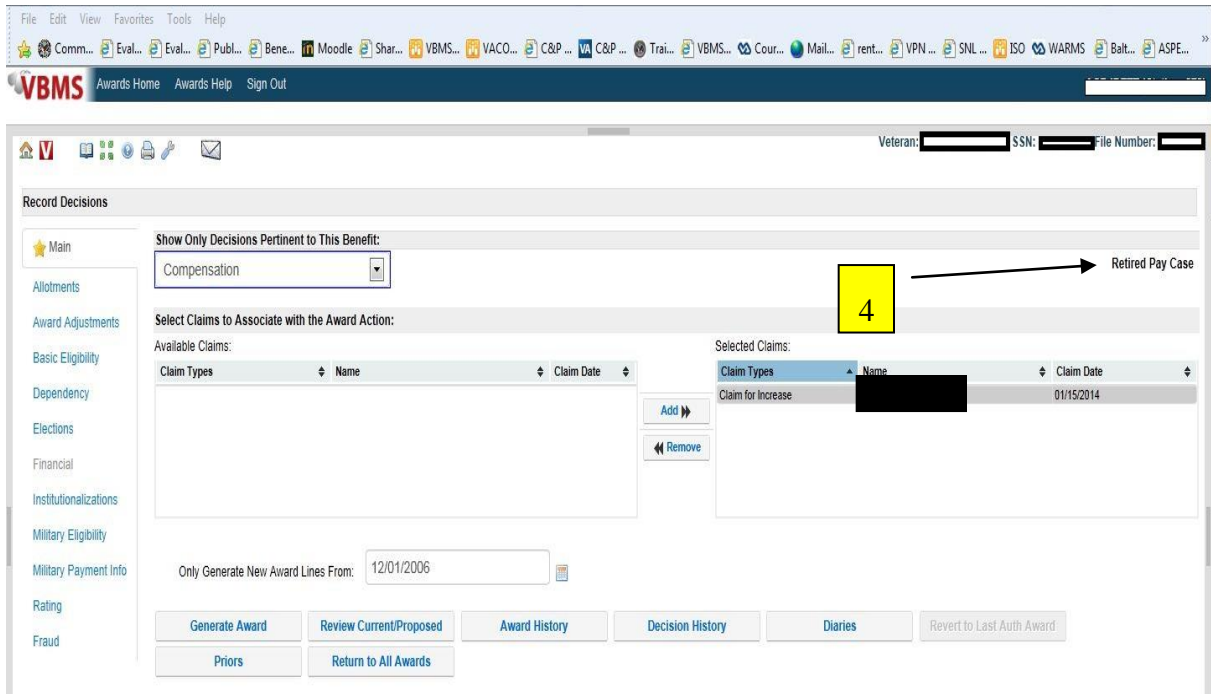
Claim Types	Name	Claim Date
New	[REDACTED]	01/01/1981

2. View the retired pay data for accuracy. Update the information by selecting the Add, Edit, or Retrieve BIRLS Data button.
3. Select **DONE** to close the screen after adding or editing information.

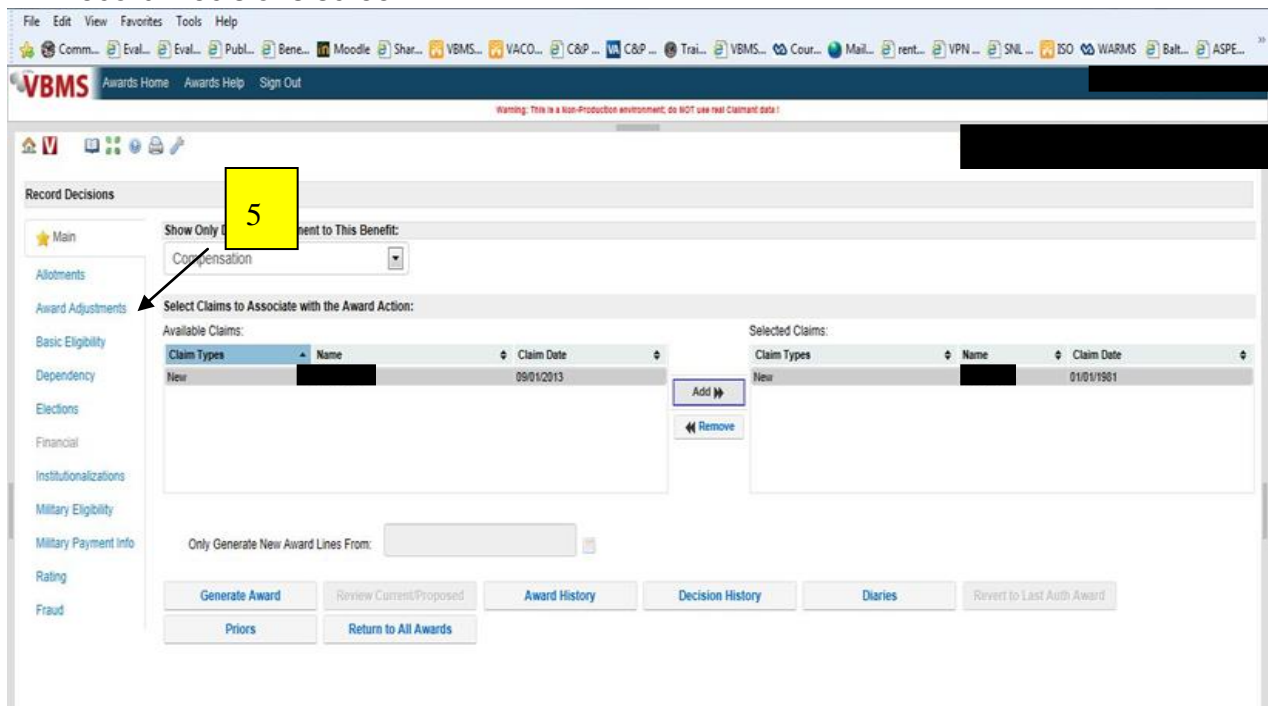


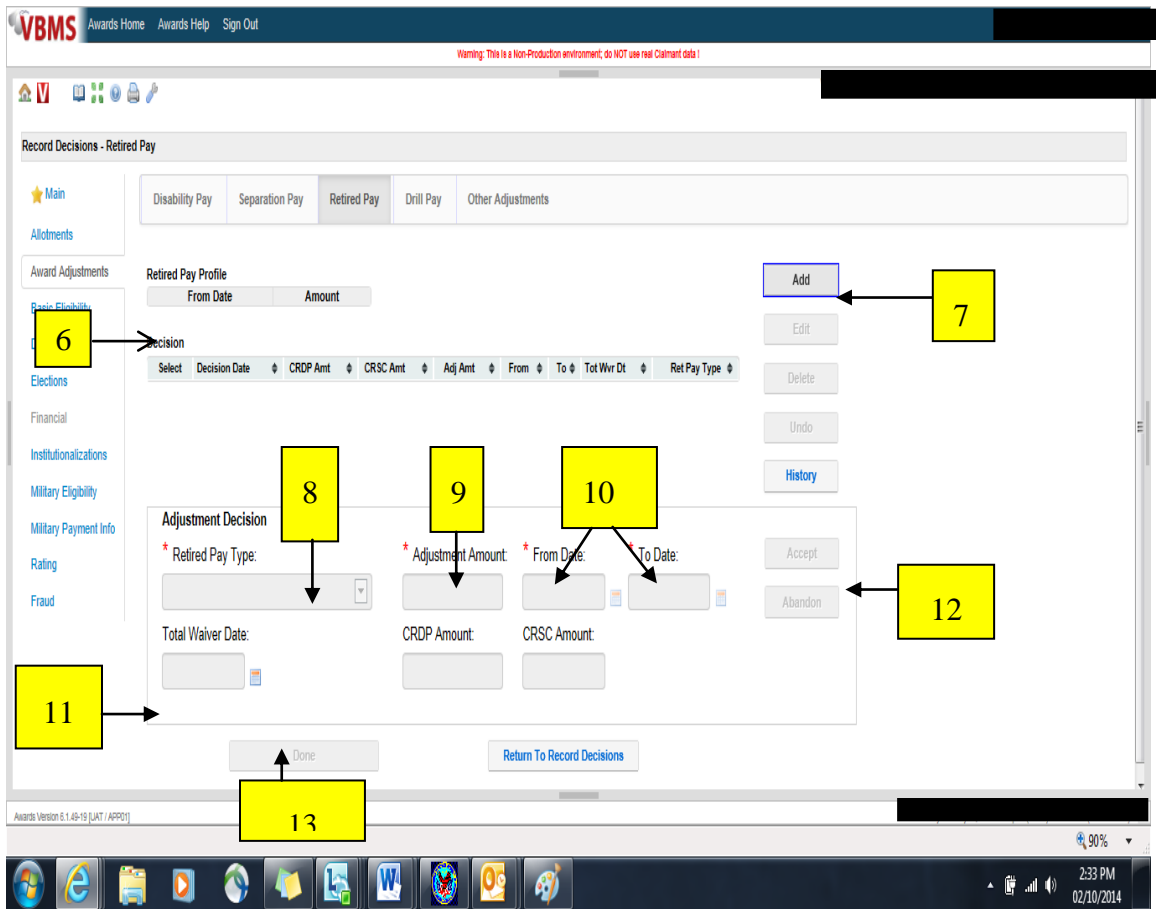
It is very important that the retired pay information is shown on this screen for every retired pay case. Data recorded here is used for the interface with the retired pay center.

- Note that there is a textual description indicating that this is a retired pay case. This same message will be displayed on the award screen after authorization and will be on the award print.



- Open the Award Adjustments screen by selecting the Award Adjustments button on the Record Decisions screen.





6. Note the display of Retired Pay information in the Retired Pay Profile grid.
  7. Select the **Add** button.
  8. Select the **Retired Pay Type**.
  9. Enter the **Adjustment Amount** (the amount to be withheld).
  10. Enter the date range for which the withholding should be applied in the **From Date** and **To Date** fields.
  11. Record the **Total Waiver Date** if applicable.
  12. Select **Accept** to update the grid.
  13. Select **DONE** to save the decision and close the screen.
- Hint: If you are not sure of the dollar amount to withhold, you can close this screen by selecting the Abandon button, generate the award to get the rates, then return the award to yourself and do the award adjustment.*
14. Select **Generate Award**.

File Edit View Favorites Tools Help  
 Comm... Eval... Eval... Publ... Bene... Moodle Shar... VBMS... VACO... C&P... C&P... Trai... VBMS... Cour... Mail... rent... VPN... SNL... ISO WARMS Balt... ASPE...

**VBMS** Awards Home Awards Help Sign Out

Veteran: [REDACTED] SSN: [REDACTED] File Number: [REDACTED]

**Record Decisions**

Main  
 Allotments  
 Award Adjustments  
 Basic Eligibility  
 Dependency  
 Elections  
 Financial  
 Institutionalizations  
 Military Eligibility

Show Only Decisions Pertinent to This Benefit:  
 Compensation Retired Pay Case

Select Claims to Associate with the Award Action:

Available Claims:

Claim Types	Name	Claim Date

Selected Claims:

Claim Types	Name	Claim Date
Claim for Increase	[REDACTED]	01/15/2014

Only Generate New Award Lines From: 12/01/2006

14 → [Generate Award](#) [Review Current/Proposed](#) [Award History](#) [Decision History](#) [Diaries](#) [Revert to Last Auth Award](#)  
[Priors](#) [Return to All Awards](#)

Awards Version 7.0.59-31 [PROD / vbms001] 100%

## Attachment: PCGL Example Notification Letter

### IV. Notify: Notification of benefits using PCGL

#### PCGL EXAMPLE NOTIFICATION LETTER

##### DEPARTMENT OF VETERANS AFFAIRS

Joe Veteran  
25 Any Place Road  
NEILLSVILLE, WI 54456

Dear Mr. Veteran:

We made a decision on your claim for service connected compensation received on December 30, 2013.

This letter tells you about your entitlement amount and payment start date and what we decided. It includes a copy of our rating decision that gives the evidence used and reasons for our decision. We have also included information about additional benefits, what to do if you disagree with our decision, and who to contact if you have questions or need assistance.

#### Your Award Amount and Payment Start Date

Your monthly entitlement amount is shown below:

Total VA Benefit	Amount Withheld	Amount Paid	Effective Date	Reason For Change
\$1,312.40	\$1,312.40	\$0.00	Apr 1, 2014	Retired Pay Adjustment
1,312.40	0.00	1,312.40	Aug 1, 2014	Retired Pay Adjustment

We are paying you as a single veteran with no dependents.

#### You Can Expect Payment

Your payment begins the first day of the month following your effective date. You will receive a payment covering the initial amount due under this award, minus any withholdings.



Thereafter, payment will be made at the beginning of each month for the prior month. For example, benefits due for May are paid on or about June 1.

**Your payment will be directed to the financial institution and account number that you specified. To confirm when your payment was deposited, please contact that financial institution.**

*If this account is no longer open,  
please notify us immediately.*

## **We Have Withheld Benefits**

You are not allowed to receive full military retired pay and full VA compensation at the same time. The following will provide an explanation of how this works:

- *If your VA compensation is less than your retired pay*, you will receive compensation payments. The military service department will pay you the difference between your compensation and your retired pay.
- *If your VA compensation is greater than your retired pay*, we will pay you compensation, and you will not receive retired pay.

For now, we must withhold all of your compensation until **August 1, 2014**. We must do this to prevent a double payment. By working together with the military service department, we will make sure you get your full combined payment.

*Important Information: VA compensation isn't taxable. Please contact the Internal Revenue Service for tax information.*

## **Concurrent Receipt of VA Compensation and Military Retired Pay**

You may be eligible for full or partial concurrent receipt of VA compensation and military retired pay under the Combat-Related Special Compensation (CRSC) and/or Concurrent Retired and Disability Pay (CRDP) programs. Your retired pay center (RPC) has been notified of this award of VA compensation. If your RPC determines the withholdings from your VA compensation should be retroactively adjusted due to CRSC/CRDP eligibility; VA will be notified and will adjust your VA compensation accordingly.

More information on CRSC and CRDP can be found at the following web site:  
<http://www.dfas.mil/dfas/retiredmilitary/disability/payment.html>, or by calling your RPC as shown below:

- Defense Finance and Accounting Service (DFAS): 1-800-321-1080
- United States Coast Guard: 1-800-772-8724
- Public Health Service: 1-800-638-8744

## What We Decided

We determined that the following condition(s) was/were related to your military service, so service connection has been granted:

Medical Description	Percent (%) Assigned	Effective Date
OBSTRUCTIVE SLEEP APNEA	50%	Mar 1, 2014
DIABETES MELLITUS II	20%	Mar 1, 2014
PATELLOFEMORAL SYNDROME, LEFT KNEE	10%	Mar 1, 2014
PATELLOFEMORAL SYNDROME, RIGHT KNEE	10%	Mar 1, 2014

We determined that the following condition(s) was/were not related to your military service, so service connection couldn't be granted:

Medical Description
OSTEOARTHRITIS, LEFT KNEE
OSTEOARTHRITIS, RIGHT KNEE
BILATERAL HEARING LOSS

Your overall or combined rating is 70%. We do not add the individual percentages of each condition to determine your combined rating. We use a combined rating table that considers the effect from the most serious to the least serious conditions.

We have enclosed a copy of your Rating Decision for your review. It provides a detailed explanation of our decision, the evidence considered, and the reasons for our decision. Your Rating Decision and this letter constitute our decision based on your claim received on December 30, 2013. It represents all claims we understood to be specifically made, implied, or inferred in that claim.

We enclosed a VA Form 21-8764, "Disability Compensation Award Attachment-Important Information," which explains certain factors concerning your benefits.

## Are You Entitled to Additional Benefits?

You may be eligible for government life insurance if you

- were released from active duty after April 25, 1951,
- are in good health (except for any service connected conditions), and
- apply within two years of this notification of your disability rating.

If you are totally disabled, you may be eligible to have your government life insurance premiums waived. The Insurance is called Service-Disabled Veterans Insurance (S-DVI), and you should receive a package within two weeks. This package will contain information about the insurance and an application. If you do not receive an S-DVI package, please contact the Insurance Center to request additional information. Call the Insurance toll free number, 1-800-669-8477, or visit the Insurance web site, <http://www.insurance.va.gov>, for further information about Service-Disabled Veterans Insurance.

You may be eligible for medical care by the VA health care system for any service connected disability. You may apply for medical care or treatment at the nearest medical facility. If you apply in person, present a copy of this letter to the Patient Registration/Eligibility Section. If you apply by writing a letter, include your VA file number and a copy of this letter.

**REDUCE OR ELIMINATE  
YOUR MEDICAL CO-PAYMENTS**

If you receive care at a VA medical facility, **please call our Health Benefits Call Center at 1-877-222-VETS (8387) or notify your local VA medical center** of this change in your compensation benefits. This rating decision may reduce or eliminate your co-payments for your VA-provided medical care. You may also be eligible for a refund based on this rating decision. Information regarding VA health care eligibility and co-payments is available at our website [www.va.gov/healtheligibility](http://www.va.gov/healtheligibility).

You should contact your State office of veteran's affairs for information on any tax, license, or fee-related benefits for which you may be eligible as a veteran (or surviving dependent of a veteran). State offices of veteran's affairs are available at <http://www.va.gov/statedva.htm>.

You may be able to receive vocational rehabilitation employment services. The enclosed VA Form 28-8890, "Important Information About Vocational Rehabilitation Benefits," explains this benefit completely. To apply for this benefit, complete and return the enclosed VA Form 28-1900, "Disabled Veterans Application for Vocational Rehabilitation."

Your combined evaluation is 30 percent or more disabling; therefore, you may be eligible for additional benefits based on dependency. If you wish to submit a claim for dependents, please complete and return the attached VA Form 21-686c, *Declaration of Status of Dependents*. Please fill out every blank on the form. We may be able to pay you retroactive benefits for your dependents if you submit the VA Form 21-686c, *Declaration of Status of Dependents* or report dependents within a year from the date of this letter.

## What You Should Do If You Disagree With Our Decision

If you do not agree with our decision, please download and complete VA Form 21-0958, “Notice of Disagreement”. You can download the form at <http://www.va.gov/vaforms> or you can call us at 1-800-827-1000. You have one year from the date of this letter to appeal the decision. The enclosed VA Form 4107, “Your Rights to Appeal Our Decision,” explains your right to appeal.

## What Is eBenefits?

eBenefits provides electronic resources in a self-service environment to Service members, Veterans, and their families. Use of these resources often helps us serve you faster! Through the eBenefits website you can:

- Submit claims for benefits and/or upload documents directly to the VA
- Request to add or change your dependents
- Update your contract and direct deposit information and view payment history
- Request a Veterans Service Officer to represent you
- Track the status of your claim or appeal
- Obtain verification of your military service, civil service preference, or VA benefits
- And much more!

Enrolling in eBenefits is easy. Just visit [www.eBenefits.va.gov](http://www.eBenefits.va.gov) for more information. If you submit a claim in the future, consider filing through eBenefits. Filing electronically, especially if you participate in our fully developed claim program, may result in faster decision than if you submit your claim through the mail.

## If You Have Questions or Need Assistance

If you have any questions, you may contact us by telephone, e-mail, or letter.

<b>If you</b>	<b>Here is what to do.</b>
Telephone	Call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the Federal number is 711.
Use the Internet	Send electronic inquiries through the Internet at <a href="https://iris.va.gov">https://iris.va.gov</a> .
Write	VA now uses a centralized mail system. For all written communications, put your full name and VA file number on the letter. Please mail or fax all written correspondence to the appropriate address listed on the attached <i>Where to Send Your Written Correspondence</i> .

In all cases, be sure to refer to your VA file number XXX XX XXXX.

If you are looking for general information about benefits and eligibility, you should visit our website at <https://www.va.gov>, or search the Frequently Asked Questions (FAQs) at <https://iris.va.gov>.

We sent a copy of this letter to your representative, Veterans of Foreign War, whom you can also contact if you have questions or need assistance.

Sincerely yours,

RO Director  
Regional Office

Enclosure(s): Rating Decision  
VA Form 21-8764  
VA Form 28-1900  
VA Form 28-8890  
VA Form 21-686c  
VA Form 4107  
Where to Send Your Written Correspondence

cc: VFW

## PRACTICAL EXERCISE

1. What CFR reference provides the definition of military retired pay?
2. What two forms can be used to obtain an official election of compensation over military retired pay?
3. If the VSR needs to verify retired pay information, what Department of Defense office do you call for this information?
4. What BIRLS screen is used to verify receipt of retired pay?
5. The veteran was granted an increased award from 20% to the 40% level with a payment date of 07/01/2012. He has no dependents. It is also noted that he has been receiving military retired pay in the following amounts: \$400 from 07/01/2012, \$425 from 12/01/2012, and \$440 from 12/01/2013. The cutoff date for retired pay is 6/01/2014. How would you withhold benefits? (Use the rate charts.)
6. The veteran was granted compensation at the 20% level with a payment date of 07/01/2012. He has 3 dependents. It is also noted that he has also been receiving military retired pay in the following amounts: \$1,000 from 07/01/2012, \$1,050 from 12/01/2012, and \$1,100 from 12/01/2013. Assume cutoff date for retired pay is 6/01/2014. How would you withhold benefits? (Use the rate charts.)