

## Chapter 13 – Retirees

Congratulations, you're retiring! All those years of service will now be paid back with extra benefits and programs. As a retiree you are eligible for all the same benefits as any other veteran or disabled veteran, in addition to the following retiree benefits.

Service members who remain on active duty or serve in the Reserves or Guard for a sufficient period of time may retire and receive retired pay. Retirees also retain the privilege to use base facilities, such as the Commissary and gym. Those members who entered Service on or after August 1, 1986, and who will qualify for an active duty retirement, may choose between two of the current three systems. Members who become disabled while on duty may be medically retired and receive a disability retirement. See the Disability Compensation Programs section below for further details.

**Did You Know?** Military enlisted retirees can work for virtually whomever they want (except for foreign governments) and work on any project or subject matter for their new employer. However a conflict of interest may exist if you begin to interact with certain departments or agencies of the federal government. For example, if you worked for procurement during your military career, you may be prohibited from working for a company that sells supplies to your former base. **See Chapter 14 of this guide for further details.**

### A. Military Retirement Pay

#### Retirement Pay & Compensation

Service members who remain on active duty or serve in the Reserves or National Guard for twenty years or longer may retire and receive retired pay.

There are currently three retirement systems to choose from. Your Pay and Compensation Administrative Officer within your command can provide more information on these system options. Also, visit DoD's online Retirement Pay Calculators to see how each retirement system will affect payouts:

<http://www.defenselink.mil/militarypay/retirement/calc/index.html> .

#### Non-Disability Retirement Pay Options

- Final Pay -- The Final Pay retirement system only applies to members who first entered Service before September 8, 1980.
- High-3 -- The High-3 Year Average retirement system applies to members who first entered Service on or after September 8, 1980, and before August 1, 1986. High-3 also applies to members who first entered the Service on or after August 1, 1986, and chose to revert to the High-3 retirement plan by not accepting the Career Status Bonus (CSB).
- CSB/REDUX -- This system applies only to members who first entered Service after July 31, 1986, and chose to receive the Career Status Bonus (CSB) and the REDUX retirement plan.

#### Disability Retirements

Service members who become wounded, ill or injured may be medically retired. They may receive either a permanent or temporary Disability retirement. A Physical Examination Board (PEB --Medical Board) determines the percent disability and recommends whether the disability is permanent or needs re-examination every 18 months up to 5 years at which time a final retirement system determination is made.

See your Pay and Compensation Administrative Officer in your command or at your military treatment facility (MTF) for additional information and referrals.

Visit the DoD's online Retirement Calculators to learn more about your retirement pay options:  
<http://www.defenselink.mil/militarypay/retirement/calc/index.html>

## **B. Health Care for Retirees**

As a retiree you have several health care benefits to choose from. These include VA provided medical benefits, TRICARE and other supplemental health care insurance options.

### **Retirees Receive Care at VA Facilities**

Retirees continue to be eligible for Department of Veterans Affairs (VA) medical care on a space-available basis. There are many limitations and eligibility requirements. VA medical care should *not* be relied on as your only source of health care.

### **TRICARE: Health Care for Retirees**

Retirees and their families remain eligible to use civilian health care facilities under TRICARE. TRICARE eligibility remains in force until you are 65 years old. Upon reaching age 65, TRICARE ends, and you become eligible for TRICARE for Life. For information on TRICARE, contact the Beneficiary Service Representative or Health Benefits Advisor at your nearest military treatment facility. You can also learn more about TRICARE at <http://www.tricare.osd.mil>. Go to this website to find out more about TRICARE benefits for retirees age 65 and older.

**See Chapter 7 of this guide for more details.**

### **TRICARE Retiree Dental Plan**

The TRICARE Retiree Dental Program (TRDP) provides comprehensive dental coverage for Uniformed Services retirees and their family members. Under contract with the U.S. Department of Defense, the Federal Services division of Delta Dental Plan of California administers the TRDP.

The TRDP is a voluntary dental benefits program with enrollee-paid premiums.

Covered services under the TRDP are offered throughout the 50 United States, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands and Canada. Visit the TRICARE Retiree Dental Plan web site at <http://www.trdp.org> for further information.

### **Supplemental Health Insurance for Retirees**

One short stay in the hospital could offset the cost of several years of supplemental health insurance. Even though you are covered by TRICARE, a supplemental insurance policy is a good idea for retirees. Here's why:

- TRICARE does not cover all costs.
- TRICARE has a yearly deductible to be paid.
- TRICARE has a yearly cap on non-covered expenses; the cap is extremely high, and you are responsible for the cost of non-covered items up to that amount.

If you are covered by health insurance with your new employer, you may use TRICARE as your supplemental insurance for that policy. Check with your TRICARE advisor concerning your particular circumstances.

### The Supplemental Health Insurance Test

Private supplemental health insurance makes sense in a variety of situations:

- **Unemployed?** If you remain unemployed after retirement, you should ask yourself, “Do I have sufficient health insurance and coverage for me and my family?”
- **Under-insured?** After retirement, did you accept a job that does not provide full medical coverage for you or your family?
- **Not insured?** Do you rely on limited VA medical benefits as your only source of medical care?

If you answered *yes* to any of these questions, you should consider obtaining supplemental health insurance.

### Shopping for Supplemental Health Insurance

There are many places to obtain supplemental health insurance. Several fraternal associations and many commercial insurance companies offer such plans, but you should look carefully for the one that is best for you. Insurance plans vary greatly with which medical procedures are covered and the percentage the policy will pay.

When shopping for health insurance, first consider the benefits you may have as a retiree or veteran. Then purchase supplemental insurance. The trick is to find a supplemental insurance plan that covers all your anticipated needs *without* paying for benefits that duplicate what you already have.

There are five basic types of health insurance coverage:

- **Hospital expense insurance** pays for hospital bills either in part or in full. Watch out for policies that do not pay for the first 8 to 10 days of a hospital stay (the average hospital stay is fewer than 8 days).
- **Surgical expense insurance** covers surgeon fees. Beware: for major surgeries, all of the fees may not be covered. Read the policy carefully before you sign.
- **Medical expense insurance** covers doctor’s visits in the hospital, in the doctor’s office or house calls.
- **Major medical insurance** pays practically every form of hospital and outpatient care as long as a licensed physician provides the care. Most people choose major medical because it is so comprehensive. However, the payments for this type of coverage are high.
- **Disability insurance** pays a percentage of your normal income if a disability prevents you from doing your job.

When looking at your health insurance coverage, take a moment to review your insurance on your automobile, personal property, real estate, and loan payments. Insurers sometimes offer discounts to customers who purchase several types of insurance from the same company.

### C. Disability Compensation Programs

Military retirees who have service connected disabilities are eligible for disability compensation. The type and amount of disability compensation eligibility is based on several factors including the nature of the

service-connected disability and the nature of your retirement. You may qualify for more than one program; however you may not receive benefits from more than one program at a time. The following will help you to determine which of these benefits you qualify for and which best suit your needs.

### **Veteran Disability Compensation**

If you are a military retiree with a service-related disability you may qualify for monthly benefit payments. These benefits are paid to retirees who are disabled by an injury or disease that occurred while on active duty, active duty for training, or was made worse by active military service.

**See chapter 12 for further eligibility payment rate details.**

As a military retiree you may be required to waive a portion of your military retirement to receive these tax-free benefits. This reduction in military retirement pay is commonly referred to as a VA disability offset. Certain disabled military retirees may be eligible for one of the following programs that restore some or all of the VA disability offset.

### **Concurrent Retirement and Disability Pay (CRDP)**

Concurrent Retirement and Disability Pay (CRDP) is a program that provides certain military retirees a monthly restoration of some or all of their VA disability offset. Qualified military retirees are those with 20 or more years of service who have a service-connected disability of 50% or more. When the CRDP program is fully implemented such members will no longer have their military retirement pay reduced by the amount of their VA disability compensation.

Unlike the Combat Related Special Compensation (CRSC), CRDP is being phased-in (except for those retirees that have a VA rated, service-connected disability rating of 100%). The program began in 2004 and the phase-in will be complete in 2014. The phase-in is progressive. In 2007, the restoration of the offset pay was approximately 50%, by 2009 it will be nearly 85% complete.

You are eligible for CRDP if you meet the following criteria:

- You must be a Military Retiree with 20 or more years of service, including:
  - Chapter 61 Medical Retirees with 20 years or more.
  - National Guard and Reserve with 20 or more - good years. (After drawing a retirement check at age 60)
  - Temporary Early Retirement Authority (TERA) Retirees with less than 20 years of service are also eligible.
- Have a Service Related VA disability rating of 50% or higher.

Your CRDP payment is a restoration of retired pay. It is taxed and, if applicable, subject to collection actions for alimony, child support, community property, garnishment and government debt just as your retired pay.

Your monthly CRDP amount cannot exceed the lesser of your monthly gross retired pay or VA waiver amount. If you are a disability retiree whose retired pay is calculated using a percentage of disability rather than your years of service, your CRDP cannot exceed the amount your gross retired pay would currently be had it been calculated at retirement using your years of service

Fortunately you do not need to apply, CRDP is automatic. If you qualify you will automatically see an increase in your monthly retirement check.

Additional information is also available at the Defense Finance and Accounting Service (DFAS) web site: <http://www.dfas.mil/retiredpay.html> or the Office of the Secretary of Defense for Personnel Readiness web site: <http://www.defenselink.mil/prhome/mppveterans.html>

As noted above, your personal CRDP payment rate is determined by several factors. If you have questions you can contact the DFAS by calling toll free 1-800-321-1080 to learn about your personal CRDP payment rate.

### **Combat Related Special Compensation (CRSC)**

Combat-Related Special Compensation (CRSC) provides military retirees a monthly compensation that replaces their VA disability offset.

To be eligible for CRSC, retired with combat related disabilities must meet the following criteria to apply for CRSC:

- Must be receiving military retired pay under one of the following conditions:
  - 20 years or more years of creditable Active-Duty service
  - National Guard and Reserve with 20 or more - good years. (After drawing a retirement check at age 60)
  - Chapter 61 medically retired (may have less than 20 years)
  - Temporary Early Retirement Act (TERA)
  - Temporary Disabled Retirement List (TDRL).
- Must have 10 percent or greater (Combat Related) VA rated disability
- Must have military retired pay offset by VA disability payments

Combat Related Special Compensation includes disabilities incurred as a direct result of:

- Armed Conflict
- Hazardous Duty
- Conditions Simulating War
- An Instrumentality of War

Unlike Concurrent Retirement and Disability Pay (CRDP), CRSC has no phase-in period. Once a military retiree has been determined to be qualified they will receive their reduced retirement pay plus an additional sum that makes up for part or all of their offset retired pay.

Your CRSC payment is based on percentage of your disability that your Service determines to have been combat related as described above. This percentage may be less than your overall VA disability rating, and consequently the CRSC payment may be less than your offset retired pay.

Your CRSC payment is not a restoration of retired pay. It is a special entitlement payment and is not taxed.

Your monthly CRSC amount cannot exceed the lesser of your monthly gross retired pay or VA waiver amount. If you are a disability retiree whose retired pay is calculated using a percentage of disability rather than your years of service, your CRSC cannot exceed the amount your gross retired pay would currently be had it been calculated at retirement using your years of service

Unlike CRDP, CRSC is not automatic; you will need to apply to your military Service. If you qualify your Service will advise you of your status.

Your eligibility is determined by several factors. To learn more about the specific eligibility criteria and how to apply, visit one of the following websites:

#### **AIR FORCE CRSC**

United States Air Force  
Disability Division (CRSC)

550 C Street West Ste 6  
Randolph AFB TX 78150-4708  
Phone: 1-800-616-3775  
Website: <http://www.afpc.randolph.af.mil/library/combat.asp>

#### **ARMY CRSC**

Department of the Army  
U.S. Army Physical Disabilities Agency/  
Combat Related Special Compensation (CRSC)  
200 Stovall Street  
Alexandria, VA 22332  
Phone: 1-866-281-3254  
Email: [crsc.info@us.army.mil](mailto:crsc.info@us.army.mil)  
Website: <http://www.CRSC.army.mil>

#### **COAST GUARD CRSC**

Commander (adm-1-CRSC)  
U.S. Coast Guard  
Personnel Command  
4200 Wilson Boulevard  
Arlington, VA 22203-1804  
1-800-772-8274  
Website: <http://www.uscg.mil/hq/cgpc/adm/adm1.htm>

#### **NAVY and MARINE CORPS CRSC**

Secretary of the Navy Council of Review Boards  
Attn: Combat-Related Special Compensation Branch  
720 Kennon Street SE, Suite 309  
Washington Navy Yard, DC 20374  
Website: <http://www.donhq.navy.mil/corb/crscb/crscmainpage.htm>

Additional information is also available at the Defense Finance and Accounting Service (DFAS) web site: <http://www.dfas.mil/retiredpay.html> or the Office of the Secretary of Defense for Personnel Readiness web site: <http://www.defenselink.mil/prhome/mppveterans.html>.

#### **D. Survivor Benefit Plan Provides for Your Family Members**

All retirees may choose to participate in the Survivor Benefit Plan or the Reserve Components Survivor Benefit Plan. The Survivor Benefit Plan is designed to provide ongoing income for your spouse and minor children should you die before them. Videos on pre-retirement planning and the Survivor Benefit Plan may be available for viewing at home. Check with your installation's Transition Program Office.

The Survivor Benefit Plan can be very confusing. You and your spouse will need to learn as much as possible before making your final decision. In addition, your spouse's signature is required on the form. The Defense Accounting and Finance Service (DFAS) offers a great resource to help you learn more about the cost and benefits of the SBP. Visit <http://www.dod.mil/dfas/retiredpay/survivorbenefits.html> to learn more.

The retiree identification card allows retirees to continue their commissary and exchange privileges – among others – without restriction. Be sure to have one issued to you as soon as your status changes.

## **E. Legal Assistance**

Retirees should obtain legal assistance on most personal legal matters such as wills, powers-of-attorney, filing federal and state income taxes, and reviewing contracts. Military legal office priority is given to active duty personnel. Retirees residing overseas may have restrictions' on privileges based upon Status of Forces agreements.

## **F. National Retiree Councils**

The Military Retiree Councils provide a link between members of the military retiree community – retirees, family members and surviving spouses living throughout the world – and the leaders of their respective military service branches.

Each National Retiree Council is comprised of a board which consists of both senior NCO and Officer retirees. The members represent geographic areas within the continental United States, and at least one at-large representative.

The Retiree Councils meet annually to discuss retiree benefit issues. Upon conclusion of the meeting, they report their findings directly to the appropriate member of their respective service branch. These annual reports reflect the issues of most significance to the retiree community that year.

Note: Rather than issuing an annual report, the Air Force Retiree Council, issues letters to various Air Staff offices requesting support for specific items of concern. These letters are not normally made available to the public.

Visit each of the National Retiree Councils and to view their annual reports:

- The Army Chief of Staff's Retiree Council web site:  
<http://www.armyg1.army.mil/rso/RetireeCouncil.asp>
- The Secretary of the Navy's Navy and Marine Corps Retiree Council web site:  
<https://secnavretireecouncil.lifelines.navy.mil/CouncilInformation/tabid/254/Default.aspx>
- The Air Force Retiree Council website:  
<http://www.retirees.af.mil/council/>
- Coast Guard Commandant's Retiree Council website:  
<http://www.uscg.mil/hq/g-w/g-wp/g-wpm/g-wpm-2/retiree/retiree.htm>