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Stop Reducing Pay for Medical Retirees

Issue: Chapter 61 retirees are servicemembers who were unable to complete 20 years of service through no fault of their own and should have their retirement and disability pays computed equal to those who retire with 20 or more years of service.

Background: In the military community, a Chapter 61 retiree is anyone medically retired from military service with a 30% or greater disability. The term “Chapter 61” comes from the corresponding chapter in Title 10, U.S. Code. There are approximately 210,000 Chapter 61 retirees — more than 90% of whom were enlisted.

Until 2001, a retired servicemember who also received VA disability compensation had the amount equal to VA compensation deducted from his or her military retired pay.

A coalition of associations, led by MOAA, crafted a very limited first-step legislative provision to authorize a modest allowance (initially \$50-\$300 monthly) for retirees who received a VA disability rating of 60% or more. It became law Dec. 28, 2001.

In subsequent years, this authority was expanded gradually until MOAA, The Military Coalition, and several grassroots efforts persuaded Congress in 2004 to eliminate the offset for combat-related disabilities; and, phase out over 10 years the offset for retirees with 20 or more years of service with noncombat disabilities rated at 50% or greater.

Under current law, combat-related disabilities are not subject to offset, regardless of the retired servicemember’s years of service or disability rating. Noncombat-related disabilities are not subject to offset, provided the retired member completed at least 20 years of service with a VA disability rating of 50% or greater.

Scenario: An E-7 soldier, married with two kids, is assisting in a refueling operation as part of her normal duties. There is an accident, and she is left 100% disabled. This is considered a workplace injury in the line of duty. She is medically retired after 14 years of service and must forfeit her service-earned retired pay dollar-for-dollar to fund her own VA disability compensation. Her monthly disability payment from the VA is \$3,343 tax free, and all her retirement pay from DoD is lost — there is no recognition of her promotions or 14 years of service. She is only recognized for her injury that left her 100% disabled.

An E-5 with 8 years of service, the same family profile and disability rating, also loses his retired pay dollar-for-dollar, and since disability compensation does not take into account rank or tenure, he too would receive the same amount from the VA, \$3,343.

MOAA’s position: All servicemembers should receive both retirement and disability compensation. However, a more focused look into the Chapter 61 inequities compels us to target this select group (medically retired; disability rating 30% or greater) as a must-solve subset of the wider priority. Narrowing the focus will also narrow the cost of implementation. We remain committed to working with Congress to find solutions consistent with previous efforts to enable these retirees to receive all the compensation they earned through both their service and their sacrifice.



Congress, we need your help

- Support H.R. 333, to ensure servicemembers medically retired due to service connected disability receive their full retired pay in addition to their disability pay.
- More than 90% affected were enlisted servicemembers.

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CONGRESS FIXED SOME, WE NEED THEM TO FIX THE REMAINING

Previous successful congressional actions show this is not a complicated request. The chart above paints a clear picture of what is fixed and what is not. There are two groups remaining who are not receiving their service-earned retirement pay from DoD in addition to disability pay awarded by the VA for service-connected illnesses or injuries while in the line of duty:

1. those with 20 or more years of service whose VA disability rating is 40% or less and
2. those with less than 20 years of service with any VA disability rating.

Before getting into disability ratings, it is important to understand there are two key retirement groups:

1. those with 20 or more years of service and
2. those with less than 20 years of service.

Then, it is important to understand there are two key disability groups:

1. those with combat-related injuries or illnesses and
2. those whose injuries or illnesses are not related to combat but are connected to their service and occurred within the line of duty.

In short: Congress needs to remove this offset for the remaining retirees who were unable to complete 20 years of service due to no fault of their own, based on disability ratings from the DoD which led to their early retirement. While we support solving for both categories of retirees, we recognize the fiscal challenges keeping this issue from moving forward. This year, MOAA is proposing to address those who are losing the most — those with less than 20 years of service who unfairly lose most or all of their retired pay to offset their disability pay from the VA.

WHO HAS OUR GOVERNMENT TAKEN CARE OF?

YEARS OF SERVICE/DISABILITY RATING	COMBAT RELATED	NON-COMBAT RELATED
20+ Years/100% disability	Yes	Yes
20+ Years/50-90% disability	Yes	Yes
20+ Years/0-40% disability	Yes	No
Under 20 Years/Medically retired	Yes	No

SOURCE: DOD

GRAPHIC BY JOHN HARMAN/MOAA