

# SILENT PARTNER

## MILITARY PENSION DIVISION: THE “EVIL TWINS” – CRDP AND CRSC

*Introduction: SILENT PARTNER is a lawyer-to-lawyer resource for military legal assistance attorneys and civilian lawyers, published by the Military Committee of the American Bar Association’s Family Law Section. Please send any comments, corrections and suggestions to the address at the end of this Silent Partner.*

### **Overview of the Military Pension Division Series**

There are seven SILENT PARTNERS in this series, shown below with the topics they cover:

- *Military Pension Division: Scouting the Terrain* - summary of USFSPA (the Uniformed Services Former Spouses’ Protection Act) and division of military retirement benefits.
- *Military Pension Division: The Servicemember’s Strategy* and *Military Pension Division: The Spouse’s Strategy* - strategies for the military member/retiree and the former spouse.
- *Military Pension Division: The “Evil Twins” – CRDP and CRSC* - Concurrent Retirement and Disability Pay (CRDP) and Combat-Related Special Compensation (CRSC).
- *Getting Military Pension Orders Honored by the Retired Pay Center* - drafting a court decree for pension division that will be accepted for direct payment to the spouse/former spouse.
- *“Lost” Military Pensions: The Ten Commandments* - retrieving an apparently “lost” pension benefit for the spouse/former spouse.
- *Master Checklist for Military Retirement Benefits* - overview of benefits arising out of military service and how they may be divided between the parties in a divorce case.

### **Introduction**

The waiver of military retired pay in exchange for VA disability compensation is covered in *Military Pension Division: The Servicemember’s Strategy*. Briefly, here’s how it works.

The law allows a retiree to elect an amount of tax-free disability compensation only if he gives up the same amount of retired pay. Taking this option is always beneficial to the military retiree, since it yields an increase in net income because of the non-taxable aspect of VA (Department of Veterans Affairs) disability compensation.

Steve Chucala, the Chief of Client Services, Ft. Belvoir, adds the following:

The election concerning VA tax-free compensation requires some clarification due to the various categories of soldier separations from military service. The following serves to clarify most issues presented since the option to elect VA compensation depends upon the status of the soldier at the time of discharge.

Servicemembers who terminate active service prior to regular retirement or retire without any disability compensation from the armed forces, and who subsequently are awarded disability compensation by the VA, automatically receive tax-free compensation. There is no election involved since all payments are from the VA only.

If a SM is awarded severance pay (normally where the percentage of disability is less than 30% and the soldier is not retirement eligible as those on active duty with 20 years of service or is a Reservist not eligible for age 60 retirement), he accepts the severance pay without any options. Should this SM subsequently be awarded additional VA disability compensation, the amount previously awarded as severance pay is deducted from the VA compensation amount.

If a SM is retired either on TDRL (temporary disability retirement list) or PDRL (permanent disability retirement list) and is later is awarded VA compensation, DFAS offers the option of keeping the military disability pay or accepting the VA tax-free payments as a dollar-for-dollar offset.

However it is taken, this election usually wreaks havoc when the retiree's pension is subject to a garnishment order for part of "disposable retired pay" in favor of a former spouse due to separation or divorce. As soon as the election takes place at DFAS, the former spouse usually sees her share of divisible retired pay decrease, sometimes substantially. Thus if the military retiree, John Doe, had disposable retired pay (without disability) of \$1,500 per month and his disability were evaluated as equivalent to \$1,000 per month in VA benefits, he could waive the same amount of taxable longevity pension in order to receive this amount tax-free. His monthly benefit would still total \$1,500, but only \$500 of this would be subject to taxes if he makes this choice.

In addition, only this \$500 which remains of his military pension would be subject to division with Mary Doe, his ex-wife. The Uniformed Services Former Spouses' Protection Act exempts VA disability compensation from the definition of "disposable retired pay." So if the military pension division order had given Mary 40% of John's disposable retired pay, her pre-waiver share would have been \$600 a month (40% X \$1,500), but her post-waiver amount would be only \$200 (40% X \$500). Especially when rent or mortgage payments depend on the continued receipt of a stable, predictable amount of divided military retired pay, such a VA waiver by the military retiree can be catastrophic.

### **Congressional Developments Since 2003 – Back to the Beginning**

In 2003, Congress passed legislation taking effect January 1, 2004 to allow concurrent receipt of both forms of payments – retired pay and disability benefits – for certain eligible retirees. The restoration of retired pay is known as Concurrent Retirement and Disability Pay (CRDP); it is at 10 U.S.C. §1414.

Also beginning in 2003, Congress made a new form of special compensation available to a limited number of retirees. The benefits and definitions were expanded substantially in 2004. Called Combat-Related Special Compensation (CRSC), these payments may now, under the 2004 revised rules, be made to those retirees with a disability of at least 10% directly related to the award of the Purple Heart decoration, or else a combat-related disability rated at least 10% (such as hazardous duty or training for combat). CRSC is found at 10 U.S.C. §1413a. The CRSC regulations are at Chapter 63, Volume 7B of the Department of Defense Financial Management Regulations (DoDFMR), effective May 31, 2006, Sections 6301-6310. See the "Resources" section below for the Regulation website.

Both of these affect the division of military retired pay. Both are complex and misunderstood – if not unknown – by civilian practitioners as well as many judge advocates. Let's see how they work.

### **CRDP Explained**

For those who have at least 20 years of qualifying military service and a VA disability rating of at least 50%, CRDP authorizes a ten-year phased elimination of the VA offset. Put in positive terms, this means – unless the disability rating is 100% – a ten-year period in which the retiree will gain back every dollar of the waived retired pay that he exchanged for VA disability compensation. The disability does *not* have to be combat-related. CRDP is the return of waived pension payments, so it has the attributes of those pension payments. It is taxable compensation. It also is divisible with a former spouse under a military pension division order.

The eligible retiree will see his retirement pay increase each year until the phase-in period is complete in 2014, when the retiree will be receiving an additional amount that is equal to the amount of retired pay waived. The period of phase-in began in 2004, with the following initial amounts provided in 2004 as additional military retired pay in each month's retiree payment:

TABLE 1

Disability % Rating	2004 Amount
100%	\$750
90%	\$500
80%	\$350
70%	\$250
60%	\$125
50%	\$100

Source: 10 U.S.C. §1414 (c).

Note that the phase-in is “front-loaded,” not just 10% a year over ten years. In 2005, the individual receives the amount shown above plus 10% of the difference between his remaining retired pay waiver and the amount shown above for 2004. In 2006 he gets the amount he received in 2005, plus 20% of the difference between his remaining retired pay waiver and the 2004 amount shown above. It increases the same way until full restoration in 2014. 10 U.S.C. §1414(c). Those retiring after 2004 but before 2014 receive a larger initial monthly increment of CRDP than shown in the table above, due to the schedule of additional amounts paid between 2004 and retirement.

### **How Much CRDP? An Example**

To illustrate, use the hypothetical facts in our scenario above with John Doe entitled to \$1,500 retired pay. We will ignore annual cost-of-living adjustments (COLAs). John has waived \$1,000 due to VA disability compensation. If his disability rating were 60%, here’s how his payments would grow:

- In 2003, he was receiving \$500 retired pay and \$1,000 VA disability compensation.
- In 2004, he receives total retired pay of \$625 (\$500 + \$125, the 2004 amount for a 60% disability rating shown above). There is still \$875 remaining in retired pay waiver (\$1,000 - \$125). He still receives \$1,000 in VA compensation.
- In 2005, he receives \$700 in total retired pay. This is made up of \$625, the prior year amount, plus 10% of the difference between \$875, his remaining retired pay waiver amount, and \$125, the 2004 amount shown on the table above. (Let’s check:  $875 - 125 = 750$ .  $750 \times 10\% = 75$ .  $625 + 75 = 700$ ). He is still receiving his VA payment of \$1,000 a month in addition to this.
- This process continues onward until full restoration of the waived \$1,000 at 2014.

### **Verifying Receipt of CRDP**

CRDP increases the pension of the retiree effective January of each year, with the payment arriving on or about February 1. How will you know if John is getting CRDP? Just read the comment at the “MESSAGE SECTION” on page 2 of his Retiree Account Statement (RAS), Form DFAS-CL 7220/148 (see ATCH 1 at the end of this Silent Partner). It will look like this:

<b>MESSAGE SECTION</b>
BASED ON INFORMATION RECEIVED FROM THE VA, YOUR CRDP AMOUNT IS \$_____.

If the individual will not voluntarily produce his RAS, which is usually sent to him or her by e-mail from DFAS every time there is a change of pay and also posted on a secure DFAS website (see below), counsel may resort to formal discovery procedures if the matter is in litigation. DFAS will honor a request for documents so long as it is in the form of a court order or a subpoena signed by a judge. Send the order or subpoena, with the individual’s full name and Social Security Number (SSN), to:

Defense Finance and Accounting Service  
DFAS- Cleveland Center  
Records Retrieval (Code HAC)  
1240 East 9<sup>th</sup> Street, Room 2679

Cleveland, OH 44199-2055  
Fax 216-522-6530

There is no requirement that the subpoena or order be sent by certified mail. An example of the RAS extract is at ATCH 2.

### **Don't Take "NO" for an Answer**

Sometimes the attorney for the retiree will disavow any knowledge of the existence of an RAS, or the retiree will claim that it was lost, misplaced, or "floated away in that big flood last month." You should know that all military retirees are eligible for a free "myPay" account at the DFAS website. This secure website is found at <https://mypay.dfas.mil>. Once there, it is a simple matter for a military retiree to obtain his current RAS; he just enters his "LogIn ID" and password, go to the screen marked "Your Military Retiree Pay Account," and select "Retiree Account Statement (RAS)." Phoenix attorney Mike McCarthy, a retired Air Force Reserve brigadier general, says that he has had some success in getting an order requiring both attorneys and the retiree to use a computer to access the current or past RAS from the myPay website.

Retirees receive the following e-mail message at the end of each December (a fictitious ending with X's is shown below):

*Your electronic W2 for 2005 is available on myPay at*

*<https://mypay.dfas.mil/mypay.aspx?xxxxxXXX~XXXXX>*

*The Defense Finance and Accounting Service (DFAS) implemented the myPay web-based system in March 2000. myPay delivers pay information and lets you process pay-related transactions timely, safely and securely. The Web-based system reduces the risks of identity theft associated with postal delivery by allowing members to access electronic W2, LES and other financial information. myPay matches industry standards for the highest level of encryption and security to protect myPay users.*

*If you do not have a PIN for accessing myPay, you can obtain one via email by clicking on the New PIN button on the myPay website at the web address shown above. A temporary PIN will be emailed to your official email address. If you have any questions concerning myPay, please call our contact center toll free at 1-800-390-2348. If the information posted to your W-2 is incorrect, please contact your servicing pay office or your customer service representative for assistance.*

Another method of finding out the retiree's deductions is to ask DFAS. A little-known notice in the Federal Register makes this possible. Effective July 13, 2000, DFAS announced at 65 FR 43298 that it would disclose this information to a former spouse:

*In addition to those disclosures generally permitted under 5 U.S.C. 552a(b) of the Privacy Act, these records or information contained therein may specifically be disclosed outside the DoD as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:*

*To former spouses, who receive payments under 10 U.S.C. 1408, for purposes of providing information on how their payment was calculated to include what items were deducted from the member's gross pay and the dollar amount for each deduction.*

While it may be difficult to obtain sometimes if the person at DFAS responding to the written request is a newly hired GS-6 employee who doesn't know about this rule, diligence and courtesy will get the former spouse through to someone in authority who will be able to assist. Be sure to include in the written request from the former spouse full identifying information on the retiree (name and SSN), the SSN for the former spouse and

– if appropriate – an authorization for DFAS to provide the information to the attorney for the former spouse. The request might look like this:

*Defense Finance and Accounting Service  
DFAS- Cleveland Center  
Records Retrieval (Code HAC)  
1240 East 9<sup>th</sup> Street, Room 2679  
Cleveland, OH 44199-2055  
Fax 216-522-6530*

*Pursuant to the Privacy Act Routine Use set out at 65 Fed Register 43298, I hereby request that you provide to me information on the current gross retired pay, current deductions and dollar amount for each deduction used in calculating my share of the pension in regard to my former husband, John Q. Doe, SSN 987-77-6543. My former spouse payments were calculated under 10 USC 1408. [OPTIONAL: I authorize you to provide this information to my attorney, Lucinda Lopez, Lopez and Pasquale, LLP, 123 Green Street, Apex, NC 27566]*

\_\_\_\_\_/s/\_\_\_\_\_  
*Mary P. Doe*  
SSN 234-56-7899

The average response time is several weeks. To check on the status of a request, call 216-522-5046 and be sure to have the retiree's SSN available. The expected answer, when it arrives, will usually look like the letter at ATCH 3 at the end of this Silent Partner

### **A Few More Rules**

CRDP includes Chapter 61 medical retirees and Guard/Reserve members with 20 or more "good years" toward retirement. CRDP cannot exceed gross retired pay. The National Defense Authorization Act of 2005 eliminated the nine-year phase-in for full concurrent receipt payments to eligible retirees rated as totally disabled (military disability pay and VA disability pay), as of January 1, 2005.

Mary Doe, the former spouse, should have been receiving payments of pension division from DFAS since her ex-husband's disability rating was less than 100% and he was still receiving *some* retired pay. In this situation, no new application is needed since her pension division order is "in the system" at DFAS. She begins receiving increased pension payments from DFAS due to the increased pension that John Doe is now receiving.

If, however, a former spouse has not been receiving payments because the retiree has a disability rating of 100%, then her attorney should submit the paperwork anew, including the divorce decree, military pension division order and DD Form 2293. Fax the request to DFAS at 216-522-6960 or mail it to DFAS-GAG/CL, PO Box 998002, Cleveland, OH 44199-8002.

Garnishment for pension division through DFAS will be for current retired pay division. There is no authority for DFAS to garnish for pension division arrears.

CRDP will go a long way toward ameliorating the unfairness of unilateral changes in military pension division orders by retirees who, after the fact, obtain VA disability compensation and thus reduce the share of the former spouse. It will not, however, eliminate the problem entirely. Since it exempts those individuals whose disability rating is less than 50%, and it puts off full restoration until 2014 in most cases, the problem will remain to some extent and may be addressed by means of the other tools and options covered in *Military Pension Division: The Spouse's Strategy*.

### **CRSC Explained**

Combat-Related Special Compensation (CRSC) is a benefit provided by Congress for those who have a combat-related disability of at least 10% under certain conditions. The Defense Department estimates that about 200,000 military retirees will be eligible for CRSC.

The disability is considered to be combat-related under 10 U.S.C. §1413a (e) if it –

- (1) is attributable to an injury for which the member was awarded the Purple Heart; or
- (2) was incurred (as determined under criteria prescribed by the Secretary of Defense)—
  - (A) as a direct result of armed conflict;
  - (B) while engaged in hazardous service;
  - (C) in the performance of duty under conditions simulating war; or
  - (D) through an instrumentality of war.

These qualifications include, by way of example, injury or illness resulting from actual combat, simulations of war (e.g., gas mask training, field training exercises, direct-fire training and “confidence courses”), hazardous duty such as diving or parachuting, and instrumentalities of war (e.g., tanks, artillery, machine guns, military planes). These conditions are defined at §6302 of the CRSC regulations in the DoDFMR. There is further general information on CRSC at [www.hrc.army.mil/site/crsc/](http://www.hrc.army.mil/site/crsc/). Since “combat-related” is service-specific, the application is sent to the retiree’s branch of service, not to the Department of Defense.

CRSC is not longevity retired pay; it is an additional form of compensation for certain members of the armed forces. 10 U.S.C. §1413a (g) states that “[p]ayments under this section are not retired pay.” Thus payments are not divisible as property.

The CRSC rates come from the VA tables and increase with the number of a retiree’s dependents (spouse, spouse and child, etc.). Thus, to use a May 2006 example, the rate for a 10% disability, no dependents, is \$112 a month. The no-dependents rate for a 20% disability rating is \$218 per month. The amount goes up to a total of \$2,844 for maximum dependents and a 100% disability rating.

### **CRSC Twists and Turns**

Once a CRSC application is approved, DFAS (in its infinite wisdom) does the calculations and the decision-making for the retiree. Since one cannot receive both CRDP and CRSC, DFAS automatically makes the election for whichever is most financially advantageous, in that it yields the highest net cash flow. DFAS doesn’t take into account that the retiree may have a property division garnishment in effect. If CRDP is more favorable in gross dollars, then that’s what DFAS will choose. This means that, for example, if CRSC in a particular case were \$500 and CRDP for the same year were \$501, then DFAS would choose CRDP for the retiree, even though the CRDP is taxable and subject to a garnishment division with the ex-spouse.

The potential hardships for former spouses due to CRSC elections are remarkable. Phoenix practitioner Mike McCarthy writes:

*First example: Assume an Air Force tech sergeant with 20 years of creditable service; 100% VA disability rating, all of it combat-related, former spouse to receive 43% of the disposable retired pay as property division. He receives \$2,979 VA disability compensation and waives ALL of his \$1,299 gross military retired pay. In return, he receives \$1,299 in CRSC payments. Thus he gets \$4,278 per month tax-free. His ex-wife gets her share, 43%, of the pension, but the pension at this point is ZERO. She gets nothing; she has lost \$558 per month.*

*Another scenario? Sure. Assume same facts except that the CRSC disability rating is 40%. The retiree gets \$2,979 VA disability compensation but he must waive all of his \$1,299 pension, and he gets \$1,191 CRSC. Thus he gets \$4,170 per month tax-free; while the ex-wife still gets NIL from disposable retired pay – there is none.*

*As a further illustration of this, assume a full Colonel with 100% VA and 100% CRSC disability rating, with 43% award to former spouse. His military pension is \$ 6,630 before VA waiver of \$2,979, so his real "disposable" pension is \$3,651. He also gets the maximum amount of CRSC, \$2,979. His former wife gets 43% of only \$3,651, which equals \$1,570, rather than 43% of the gross \$6,630, or \$2,850. She loses \$1,280. He gets the balance of the pension (\$2,081), plus the two disability benefits (\$5,958) for a total of \$8,039.*

A CRSC payment is retroactive to the date of filing of the VA claim or of the enabling legislation (the 2003 law for limited conditions or the 2004 expansion, for the conditions listed above), whichever is later. According to the DFAS “Retired Pay Newsletter” of August 31, 2006, potential retroactive pay is due for about 100,000 accounts, and retroactivity will cause problems for both parties. If the retiree has been getting CRDP and elects CRSC, there will be a one-time retroactive payment to him or her, and the money received under CRDP for that same period covered by the CRSC retroactive payment will be taken back. The CRDP pay-back will be subtracted from the retroactive CRSC payment that he or she receives.

But what about the former spouse? If the retiree’s former spouse has been receiving a share of the pension as property division, the share paid from CRDP must also be collected back from her or him. There are two possible results.

First, if the CRSC election results in *no further pension garnishment payments* to the former spouse, then DFAS will initiate a debt collection action against her or him, since there would no longer be any continuing pension garnishment payments from which to deduct the CRDP payments made to her or him. The former spouse may petition for waiver of the indebtedness. This is done on DD Form 2789, “Waiver/Remission of Indebtedness Application.” The mailing instructions are on the face page of the form.

On the other hand, if the CRSC election does not remove all the pension share garnishment, then the former spouse will still be subject to a collection action by DFAS. DFAS will recoup the “overpaid” funds from her or him, resulting in decreased future payments until the indebtedness is fully paid; this is ordinarily done over a 36-month period. An example of an actual client’s overpayment letter (with names and identifying information changed) is at ATCH 4 at the end of this Silent Partner. This former spouse may also petition for waiver of this indebtedness.

**CRSC Final Points and Charts**

Here are some final points about CRSC:

- There is no phase-in for CRSC; eligible retirees will receive full CRSC payments plus whatever VA disability compensation and unwaived retired pay they had been receiving.
- CRSC payments don’t end in 2014, as CRDP payments do.
- The CRSC payment cannot exceed the amount of the military retired pay waived for VA disability compensation.
- Unlike ordinary retired pay (including CRDP), CRSC is non-taxable - it is disability compensation, not retired pay.
- CRSC is available for support determinations and for garnishment for alimony and child support. This is also true of CRDP.
- The statute includes Guard and Reserve personnel who have at least 20 qualifying years for retirement purposes.

Here is a table, downloaded June 6, 2006, for CRSC compensation rates (without dependents) –

TABLE 2

Combat related VA Disability Rating	Monthly CRSC
100%	\$2,393

90%	\$1,436
80%	\$1,277
70%	\$1,099
60%	\$873
50%	\$690
40%	\$485
30%	\$337
20%	\$218
10%	\$112

Source: www.military.com

A simplified way of understanding all of this information about comparisons is –

TABLE 3

CRDP and CRSC – A Comparison	CRDP	CRSC
Type of disability required	Service-connected	Combat-related
Considered longevity retired pay	Yes	No
Divisible as property	Yes	No
Minimum disability rating required	50%	10%
Taxable	Yes	No
Phase-in	Yes*	No
Retroactive payment	No	Yes†
Increases with number of dependents	No	Yes‡
Available for support determinations, garnishments	Yes	Yes

\*Except for 100% disability cases  
†Payment is retroactive to the date of filing of the VA claim.  
‡If CRSC rating is 40% or more.

**CRDP and CRSC – the Election**

Eligible retirees can elect either CRDP or CRSC, under 10 U.S.C. §1414 (d)(1). The election may be made once a year during the January open season, under 10 U.S.C. §1414(d)(2). This means that John Doe can alternate between CRDP and CRSC yearly. DFAS guidance in this area provides that:

*If you are eligible for both CRDP and CRSC you may participate in the CRDP/CRSC Open Season. This annual Open Season lets you choose which payment you would prefer to receive (Federal law states that you can receive CRDP or CRSC; not both).*

*Beginning in late December, eligible retirees will be mailed a CRDP/CRSC Open Season Election Form. You only need to return the form if you want to change from CRDP to CRSC, or vice versa. If you prefer to keep things the way they are, do nothing. The payments you now receive will continue uninterrupted.*

*To help you make a more informed decision, the form will include a comparison of the amounts to which you would be entitled under CRDP and CRSC as well as information about the collection actions and taxes to which each type of payment is subject.*

*If you want to change from CRDP to CRSC or vice versa, your form must be received here at DFAS by January 31st. If your form is received after this date it will not be processed and the payments you now receive will continue uninterrupted.*

*The change in payment will be effective with your payment on the first business day of February. Due to our thirty-day processing timeframe, you may receive your first payment on the first business day of March and a retroactive adjustment for the payment which would have been paid on the first business day of February.*

*Your election will remain in effect unless you change from CRDP to CRSC or vice versa in a subsequent annual open season.*

Conceivably – if John Doe alternated annually between the two forms of payment – Mary could get her share of the CRDP in 2004, then be told by DFAS that no CRDP funds were available in 2005 when John switched over to CRSC. Then in 2006 he could change back to CRDP.

DFAS advises that it is treating the initial election of CRSC as a termination of former spouse payments if there is no other disposable pay available for the former spouse. This requires a new DD Form 2293 (but not the entire set of original documents submitted with the original application). Thus if John later switched back to CRDP, Mary would have to reapply to re-start the payments. DFAS does not say how Mary would know of this switch, since it will not independently inform her of the change. And John certainly won't tell her!

If, however, John still had disposable retired pay available after his CRSC election, Mary would continue to receive her share (at a reduced rate). If he later switched back to CRDP, the payment to Mary would increase automatically.

### **CRDP and CRSC – A Basic Scenario**

Jane Green retires in 2000 from the Army. She is divorced and her property division order requires her to pay Jack, her ex-husband, 50% of her disposable retired pay (DRP). At this point, assuming that she has \$2,000 a month in DRP, the parties would each receive \$1,000 a month.

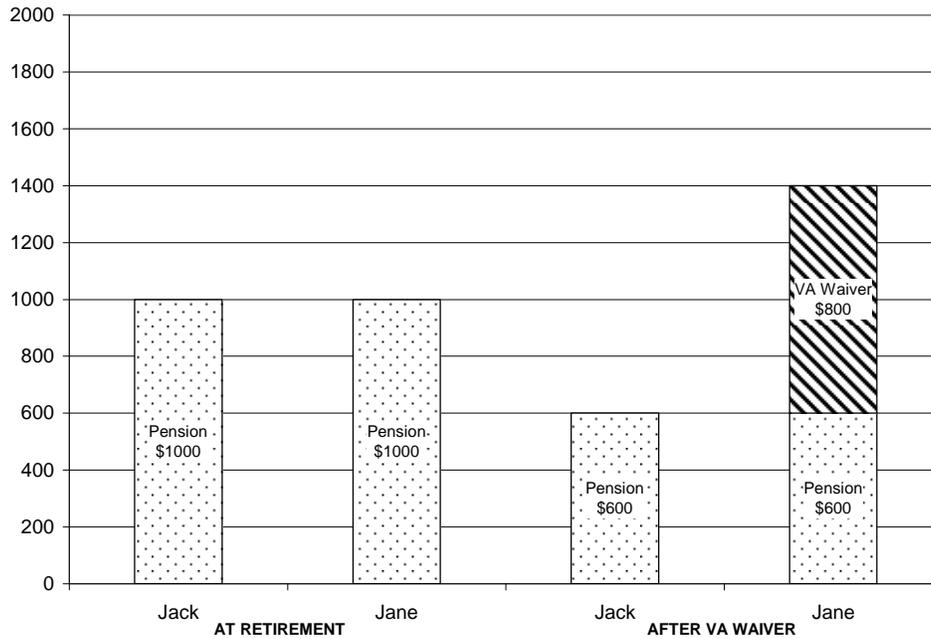
After she retires, Jane goes to the nearest VA (Department of Veterans Affairs) hospital for a physical evaluation. Several months after the physical (it could be up to a year, depending on backlogs), she receives a *findings and ratings letter* from VA. In this correspondence, the VA states that she is rated X% disabled, due to hearing loss, back problems, and carpal tunnel syndrome. All of these disabilities are determined to be *service-connected*, but the back problem stems from a parachute jumping accident, and the hearing loss came from a career of being in airplanes for airborne operations. X represents a figure greater than 50% in this example.

The letter informs her that the X% disability rating qualifies her for non-taxable VA disability compensation of \$800 a month. To elect this, she must waive the same amount of her retired pay.

### **Jane Gets VA Disability Compensation**

She elects VA disability compensation and agrees to waive \$800 of longevity retired pay. This means that she would have \$800 subtracted from her gross retired pay, leading to a reduction in the amount available for division as a percentage of DRP with her ex-husband. In other words, Jack gets less DRP share due to Jane's election of VA payments. His half share is reduced from \$1,000 a month to \$600 a month, since he now is receiving half of \$1,200 a month (\$2,000 - \$800). Jane receives her share, \$600 a month, plus her untouchable, untaxable VA disability payment of \$800. Note that these calculations and the ones below ignore the annual COLA's (usually between 2% and 3%) which occur with military retired pay, and also the usual deduction for Survivor Benefit Plan premiums.

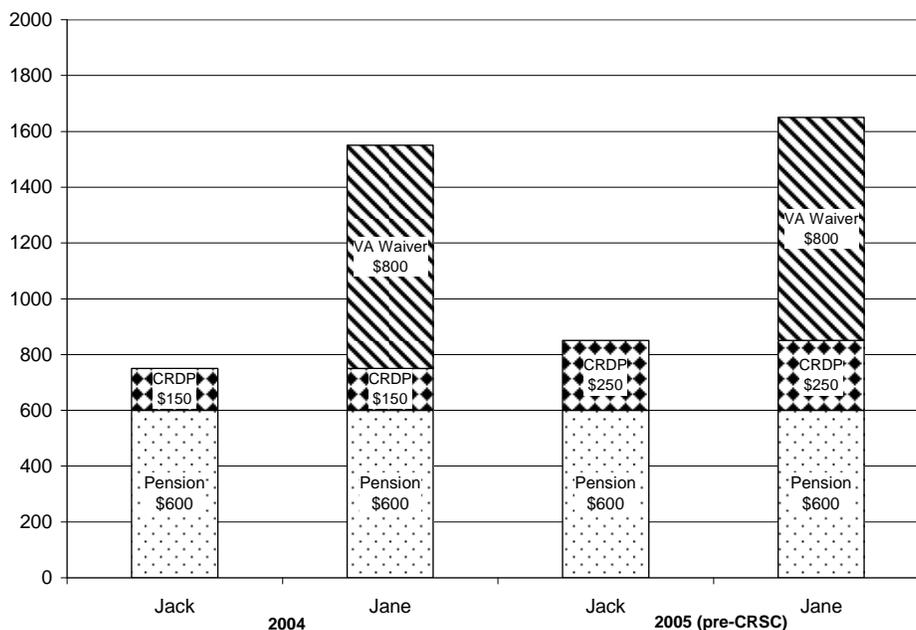
Here is what the payments to the parties look like before and after the VA disability decision:



**Jane Receives CRDP**

This situation continues through 2003. In 2004 she begins to receive CRDP; this is automatic, and there is no need to apply for it. Assume that the amount for 2004 for X% disability rating is \$300 a month. Jane’s 2004 RAS would show that she is receiving DRP of \$750 (original \$600 plus \$150 as half of CRDP) plus her \$800 VA payment, while Jack gets \$750 (\$600 + \$150 CRDP).

In 2005 she begins receiving \$500 (hypothetically) in CRDP, once again raising the DRP available for division with Jack. Now Jane is receiving \$850 in DRP (\$600 + \$250, which is half of CRDP of \$500), plus her \$800 VA payment. Jack is receiving \$850 (\$600 + \$250). Here is what the payments for the parties look like in this period of time:



### **Jane Applies for CRSC**

Jane decides to apply for CRSC in 2005. First of all, she gets out her VA *findings and ratings letter* from 2004, and she looks for types of disabilities which will qualify for CRSC. These would be disabilities incurred as direct result of armed conflict, hazardous duty, an instrumentality of war, or conditions simulating war.

Since applications are service-specific, Jane sends in her application form, DD Form 2860, to the Army. The entire process is retiree-driven. She must apply to be considered for CRSC; it is not automatic, like CRDP. A board will decide her case, and she sends in copies of her physicals, her medical records (active duty military, VA and private health care provider), plus statements from her and, if available, from witnesses or experts.

Several months later she receives a letter from the Army. It contains findings regarding her claims as to combat-related injuries or disabilities (e.g., “Of your X% service-connected disability rating, Y% is combat-related and qualifies for CRSC.”).

### **DFAS Makes the Choice for Jane**

Soon after the letter confirming her CRSC eligibility, Jane’s CRSC payments begin. The CRSC payments come from a specific table that states the amounts, and these vary according to the number of dependents that one has. As mentioned above, DFAS makes the choice for Jane – CRSC or CRDP – based on which one yields the larger total gross payment. Thus if the CRSC amount is \$400 per month (as against a present total CRDP payment in this example of \$500 monthly), DFAS will leave the CRDP payment unchanged, regardless of the fact that the \$500 is taxable and divisible with her ex-husband). She can change this election annually in the January open season if she wishes. If DFAS chooses CRDP, then there will be no change on Jane’s RAS. The comment at the MESSAGE section on page 2 remains the same as before.

If, however, CRSC payments were \$600 per month, then this is better financially for her (in the eyes of DFAS) and DFAS will select that option, issuing her a CRSC Monthly Statement. An example of a CRSC statement, not tied to this scenario, is as follows:

<b>CRSC Pay Statement</b>		
STATEMENT EFFECTIVE DATE APR 21, 2006	PAYMENT DATE MAY 01, 2006	SSN 123-45-6789
RETIREE’S NAME AND ADDRESS		HOW TO CONTACT US
PLEASE REMEMBER TO NOTIFY DFAS OF YOUR ADDRESS CHANGES		DEFENSE FINANCE AND ACCOUNTING SERVICE US MILITARY RETIRED PAY PO BOX 7130 LONDON, KY 40742-7130
MAJOR JOHN Q. DOE, USAF (RET.)		

123 GREEN STREET APEX, NC 27511-1234		COMMERCIAL (216) 522-6398 TOLL-FREE 1-800-472-7098 TOLL-FREE FAX 1-800-469-6559	
PAYMENT ADDRESS DIRECT DEPOSIT		myPay https://myPay.dfas.mil 1-877-363-3677	
PAYMENT INFORMATION		ENTITLEMENT INFORMATION	
CRSC Payment	377.00	Retired Pay Before Deductions	2,746.00
CRSC Debt Deduction	0	Retired Pay Offset by DVA Compensation	757.00
CRSC Garnishment Deduction	0	CRSC Debt Balance	0
CRSC Net Pay	377.00	Branch of Military Service	AIR FORCE
		Garnishment Being Withheld	NO
THE DVA OR YOUR BRANCH OF SERVICE PROVIDED THE FOLLOWING			
CRSC SPECIAL MONTHLY COMPENSATION CODE	00		
UNEMPLOYABLE	NO		
DVA DISABILITY %	50		
COMBAT RELATED DISABILITY %	30		
PURPLE HEART %	00		
CRSC START DATE	JAN 01, 2004		
SPECIAL MONTHLY COMPENSATION START DATE			
REMARKS			
This is your monthly CRSC statement. Please refer to myPay frequently asked questions for additional information about CRSC and this statement.			

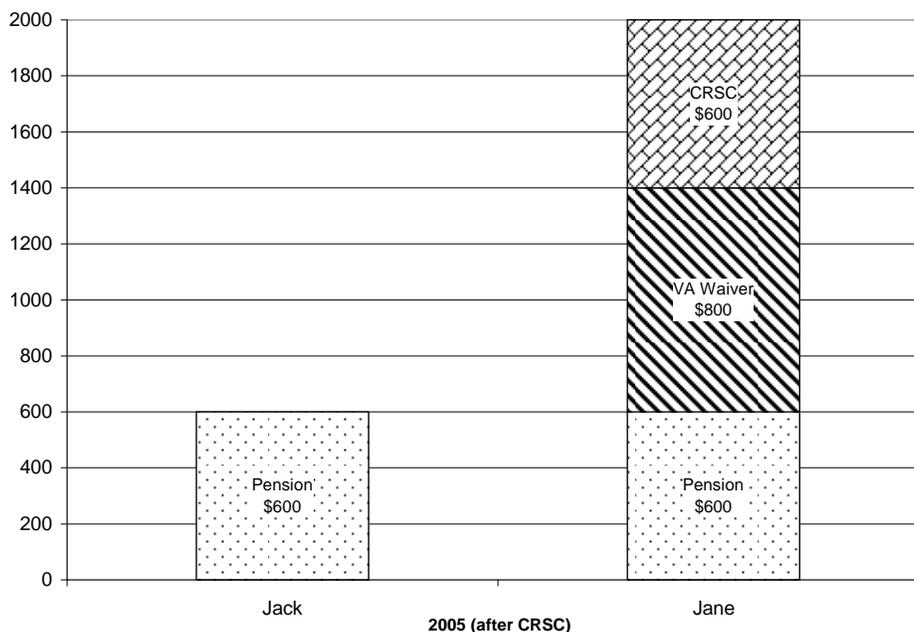
The new CRSC statement will be issued “on-line” for her and apparently will not be sent by mail. A July 2005 notice from DFAS stated the following about CRSC monthly statements:

- *DFAS is now implementing the electronic delivery of CRSC account statements; the statements will be available on a monthly basis beginning July 1, 2005 via the online pay account site, [myPay](#).*
- *While retirees may continue to contact the Retired and Annuitant Contact Center by phone at 1-800-321-1080, the statement will likely answer most questions regarding the computation of CRSC payment.*
- *The CRSC monthly statement will only contain information concerning continuing monthly CRSC payments. Details about retroactive payments will be available through [myPay](#) by the end of the 2005. The CRSC monthly statement will only be available through the [myPay](#) Web site at <https://mypay.dfas.mil>.*
- *The Web-based system delivers personal pay information and provides the ability to process pay-related transactions timely, safely and securely for all its members. The online system eliminates the risks associated with hard copy documents by allowing members to access their electronic #1099R, Retiree Account Statement (RAS) and other financial information. [myPay](#) security matches existing private industry standards with the highest level of encryption and security designed to prevent member information from being accessed by others on the Internet.*
- *DFAS is confident that providing CRSC statements on [myPay](#) will be a useful addition to the information provided to retirees. We remain committed to offering the best service for our retired and annuitant customers. If you don't have a [myPay](#) account, call us at 1-800-390-2348 to get a Personal Identification Number (PIN) to access your [myPay](#) account on the web.*

DFAS will also issue Jane a new RAS. It will contain new retired pay figures, and the amount for retired pay will be reduced from the previous month’s amount because CRDP will have disappeared. The comment in the MESSAGE SECTION on page 2 also will be gone:

<b>MESSAGE SECTION</b>

Let’s assume that the CRSC payment to Jane is \$600 a month. In this case, the payments to both parties would look like this after the CRSC election:



**The Impact: “A CRSC Attack”**

To understand some of the consequences of the CRSC election, remember that Jane cannot get CRDP if she is receiving CRSC at the same time. This does not mean a dollar-for-dollar waiver of CRDP for CRSC. It means she cannot receive *any* CRDP if she receives even \$1 of CRSC.

So the payments for Jane go up again, while those for her ex-husband – after going up by \$250 to \$850 monthly – will go back down. They drop to the amount they were originally before 2004 (\$600 a month, his half of \$1200 DRP), while Jane will get \$600 a month (DRP share), \$800 a month (VA), and whatever amount the CRSC payment is. If we assume that her CRSC payment is \$600 a month, then her total is \$2000 a month (\$600 DRP + \$800 VA + \$600 CRSC), against Jack’s \$600, when the original court order specified equal shares for the parties!

In fact, Jack will see even more bad news due to the CRSC retroactivity problem described above. Since Jane has received CRDP beginning in early 2004, which has been shared through DFAS with Jack, DFAS now must take back the CRDP payments, and this means collection from Jack as well. So Jack will see even less than \$600 a month in his pension division checks. DFAS will collect these CRDP payments back over a 36-month period.

The consequence for Jane is that she will have to check with her CPA or tax preparer about an adjustment on the current (in this scenario, 2005) tax returns that she files, since she will want to report an adjustment for the “pay-back” for 2004’s CRDP. The current year’s CRDP income and pay-back will be adjusted in the Form 1099 that she receives; this portion of her reported income for the current year will just be zeroed out, since she received it but then paid it back in the current year. Her only reportable income for 2005 (our “current year” in this example) would be her \$600 monthly pension share.

**Choice Points for Jane**

At the start in some cases, CRSC will be better for the retiree because it will provide him or her more money. But as we get closer to 2014, CRDP will probably be better for many retirees because of the gradual increase in the amount of taxable retired pay, even though taxes will cause a reduction as will any division with a former spouse. In many of these cases, eventually the net CRDP will probably exceed the non-taxable CRSC. The “switch factors” over time are thus the 10-year phase-in, changes in the taxable income of the retiree, garnishment of military retired pay as pension division with a former spouse, and potential increase or decrease in disability rating.

In Jane's case, however, if the CRSC payment were at least \$400 a month, there would be no reason to switch back to CRDP (assuming all the above hypothetical numbers are frozen), since the maximum she would receive back in CRDP is her share of the waived amount (half of \$800, or \$400), and that \$400 in CRDP would be taxable. CRSC at \$400 a month is non-taxable. So long as the CRSC payment is \$400 a month or more, the choice for her is obvious.

### **Why “The Evil Twins”?**

As we have seen, the new CRSC benefit can have a significant and detrimental impact on CRDP payments. The receipt of even \$1 of CRSC acts to wipe out any CRDP payments, without notice to the former spouse. Thus Jack, after seeing the gradual increase of his payments because of CRDP, may suddenly find these gains wiped out without explanation by a CRSC election. While the retiree knows what's happening to *the former spouse's share* of the retired pay, the former spouse has no idea of what's going on with *the retiree's share*. Furthermore, Jane can elect to alternate between CRSC and CRDP once a year, a whipsaw tactic that will totally confuse and exhaust Jack and his lawyer.

Because DFAS treats the initial election of CRSC as ending former spouse payments (if there is no other disposable pay available for the former spouse), Jack would have to reapply to restart his payments if Jane switched back to CRDP when it became more advantageous financially for her to receive CRDP. How would Jack know of her switch? Jane is unlikely to tell him, and DFAS will not independently inform him of her new payment status. Conceivably – if Jane alternated annually between the two forms of payment – Jack could get her share of the CRDP in 2004, then be told by DFAS that no CRDP funds were available in 2005 when Jane switched over to CRSC. Then in 2006 she could change back to CRDP without his knowledge of the switch.

### **Practical Pointers for the Non-Military Spouse's Attorney**

First of all, it is essential that the non-military spouse (and, for that matter, the SM/retiree) obtain an attorney who knows this area of the law. This area is very complex and hidden booby traps are everywhere. The spouse should either obtain a lawyer who knows the area from past experience or, if possible, hire an attorney who is a Guard or Reserve JAG officer, a former JAG officer or a retired JAG officer. Jackey D. Nichols, the Chief of the Claims Division, Office of the Staff Judge Advocate, Ft. Dix, NJ, says, “One of the biggest tragedies I see is when a client going through a divorce picks an attorney based on price vs. one who knows all the unique issues associated with a military couple's divorce.” If the current divorce attorney doesn't know the law, perhaps he or she should associate co-counsel for this particular piece of the divorce case. Since there are several different court interpretations in this complex area – and sometimes *no* judicial precedent at all – it is recommended that counsel research the laws of the jurisdiction involved as to the eligibility for recovery of retirement pay amounts waived because of these choices outlined above.

Next, the lawyer representing the servicemember's spouse must recognize that he or she can't predict much of anything before the SM's retirement. You could ask whether the SM is an active-duty trooper or a member of the Guard or Reserve. Since most of the creditable service of Guard/Reserve personnel is made up of weekend drill and two weeks of annual training, or “summer camp,” you could predict that these Reserve Component SMs are less likely to suffer from disabling conditions arising from combat, hazardous duty or other qualifying causes. But remember that even Guard and Reserve members could be injured in operating a plane, helicopter or weapons system, which would likely qualify for CRSC, while on a regularly scheduled field exercise or during a six-month mobilization in the Middle East.

If you are representing the spouse of an active-duty SM, you can make some educated guesses as to whether there might be a combat-related disability or injury by assessing whether the SM might be a “Front-Line Felicia” or a “Backfill Bill.” Is the servicemember a paratrooper or a Ranger, or perhaps a garrison trooper who sits at a desk all day?

Be sure to consider the job assignment or military occupational specialty as well as the unit to which Felicia or Bill belongs. If Felicia is a supply sergeant, does that mean she's unlikely to suffer combat-related injury from her military service? Suppose she is, during training missions, also a jumpmaster in charge of parachute

drops from the aircraft. Just because Bill is a Navy nurse doesn't mean that he's in the clear. What if his assignment is with Navy Seal Team 6, jumping out of helicopters and swimming to the objective?

Be sure to ask lots of questions of your client. Does the military spouse demonstrate any injuries or disabilities? Has he been in the hospital for anything related to military service? What is the state of his health?

If you are trying to negotiate a settlement, draft your settlement document with an indemnification clause. Be sure that you include language that states that the military spouse will repay your client any moneys that are removed from Disposable Retired Pay due to any action of the retiree. Such an indemnification clause might read:

**The military retired pay of respondent shall be apportioned between the parties, with the petitioner receiving 39.375% of same, without regard to any reductions or setoffs due to disability compensation or any other reason except the premium for the Survivor Benefit Plan. If the respondent shall do anything – actively or passively – to reduce the share of amount of petitioner, then he shall indemnify and reimburse her for any such loss, including associated costs, expenses, attorney's fees and consequential damages.**

On the other hand, the military member might be wary of "indemnification language" or division of the gross retired pay, in which case a weaker set of words might be useful or necessary, if they will – under state law – provide sufficient protection for the nonmilitary party:

**Petitioner shall receive 39.375% of respondent's retired pay, which is at present based solely on 22 years of creditable service without any reductions. The respondent shall do nothing to reduce petitioner's share of same or interfere with her receipt of same.**

This clause attempts to identify the number of years of service as the sole measure of determining respondent's compensation in retirement. Even better would be a sentence which attempts to forecast the likely longevity retired pay of the respondent so that the judge would have a benchmark to use in case the member took actions in the future that diminished the share of the spouse. Ideally, the settlement agreement would also have a general breach clause, which is standard in most marital settlement agreements, stating that any breach of the agreement by a party entitles the other to payment of damages, costs, expenses and reasonable (or all) attorney's fees.

If the member is already retired, try this for the "strong" language clause:

**Respondent is currently receiving gross military retired pay of \$2,000 a month, with deductions of \$130 for SBP premium and \$500 for VA disability waiver. This waived retired pay is currently being reduced by \$239 a month due to his receipt of CRDP (Concurrent Retirement and Disability Pay), which means an increase of disposable retired pay from \$1,370 before CRDP (\$2,000 - \$130 - \$500) to \$1,609 presently (\$1,370 + \$239). The parties anticipate the increase of CRDP until 2014, and these payments shall be treated the same as disposable retired pay, with petitioner receiving the same share of CRDP as of disposable retired pay. If the respondent shall do anything to reduce the share or amount of petitioner as to disposable retired pay, including CRDP, then he shall indemnify and reimburse her for any such loss, including associated costs, expenses, attorney's fees and consequential damages.**

If a more diluted form of language is needed, try this:

**Respondent is receiving at present gross military retired pay of \$2,000 a month, with deductions of \$130 for SBP premium and \$500 for VA disability waiver. He is also receiving a payment of \$239 for CRDP (Concurrent Retirement and Disability Pay). The parties anticipate the increase of CRDP until 2014, and these payments shall be treated**

**the same as disposable retired pay, with petitioner receiving the same share of CRDP as of disposable retired pay. The respondent shall do nothing to reduce petitioner's share of same or interfere with her receipt of same.**

Another possibility is to hold alimony open. Consider reserving the issue of alimony or setting alimony at \$1 per year, to allow the court to make an adjustment in this area if the anticipated share of retired pay is diminished by the retiree's actions in electing CRSC over CRDP.

If the case goes to trial, make sure you draft the decree or are allowed input. The decree should, if possible, specify that the SM/retiree shall indemnify the former spouse if he does anything to reduce her share, along the lines of the above "agreement language." If your state law and cases do not allow this, or if the judge refuses this language, try to have the following inserted in the decree:

**The parties shall comply with the terms of this order and shall exercise good faith in doing nothing to interfere with the terms provided by the court herein.**

Breach of the good faith requirement, by election of CRSC, would allow the court to impose sanctions, assess damages, use the contempt power, or apply other remedies in favor of the wronged spouse.

### **Practical Pointers for the Military Spouse's Attorney**

There are only two things that the attorney for the SM or retiree should say. The first is: "Do the right thing." This means treating the former spouse fairly and not destroying the returning share of retired pay (CRDP) which she should be receiving, or else sharing the CRSC which is paid to the retiree. CRDP is the means of reconciling accounts for servicemembers and spouses in light of the VA disability compensation and the retired pay waiver. CRDP means everyone gets treated fairly, retirees get paid disability on top of retired pay, and former spouses receive their share of a pension that formerly was diminished because of the waiver. Leaving that intact is one option for the retiree. Sharing CRSC, which involved compensation without taxes, is also fair if it does not reduce the share of retired pay to which the former spouse is entitled.

The second piece of advice would be, "Get out your checkbook." This means that there will be, in all likelihood, a long, hard fight over the issue of CRDP if CRSC is elected. Since CRSC destroys CRDP, the retiree should expect to see serious litigation over this. As in the area of VA disability and the retired pay waiver, many cases will wind up in the appellate courts. And, predictably, most courts will follow the trail blazed by VA disability litigation, holding that a retiree cannot unilaterally reduce the former spouse's share or amount of returning retired pay (CRDP) by selecting CRSC. The remedies will vary – indemnification, damages, compensatory alimony, or complete revision of the property division. The result will be the same in most state courts. They will side with the former spouse and the prior judgment, decree or agreement, especially if it contains an indemnification clause.

### **Resources**

Mark E. Sullivan, *The Military Divorce Handbook* (ABA Family Law Section 2006), Chapter 8, "Pension and Property Division."

Brett R. Turner, "State Court Treatment of Military and Veteran's Disability Benefits: A 2004 Update," *Divorce Litigation* (May 2004)

Here are some helpful websites –

Interim CRSC Regulations: [http://www.dod.mil/comptroller/fmr/07b/07b\\_ic\\_r01\\_06.pdf](http://www.dod.mil/comptroller/fmr/07b/07b_ic_r01_06.pdf)

Computing VA compensation rates: <http://www.vba.va.gov/bln/21/Rates/comp01.htm>

Combined ratings Table (for several disabilities):

[http://www.warms.vba.va.gov/regs/38CFR/BOOKC/PART4/S4\\_25.DOC](http://www.warms.vba.va.gov/regs/38CFR/BOOKC/PART4/S4_25.DOC)

Computing CRDP by rate and year:

<http://www.dod.mil/dfas/retiredpay/concurrentretirementanddisabilitypay/crdppaymentrates.html>

CRSC payment rate:

<http://www.military.com/Resources/ResourcesContent/0,13964,38339,00.html#3>

Military Officers Association of America website on CRSC:

[https://www.moaa.org/controller.asp?pagename=serv\\_benefits\\_pay\\_crsc](https://www.moaa.org/controller.asp?pagename=serv_benefits_pay_crsc)

Army Human Resources Command - CRSC overview: <https://www.hrc.army.mil/site/crsc/>

DFAS website on CRDP: <http://www.dod.mil/dfas/retiredpay/concurrentretirementanddisabilitypay.html>

There are many references to CRSC and CRDP at [www.military.com](http://www.military.com).

(Rev. 1/24/08)

\* \* \*

This **SILENT PARTNER** was prepared by COL Mark E. Sullivan (USAR, Ret.) with help from MAJ Sue Darnell (USAF, Ret.), an attorney from Newport, RI. For revisions, comments or corrections, contact Mr. Sullivan at Law Offices of Mark E. Sullivan, P.A., 2626 Glenwood Avenue, Ste. 195, Raleigh, N.C. 27608 [919-832-8507] or at [mark.sullivan@ncfamilylaw.com](mailto:mark.sullivan@ncfamilylaw.com).

(Note: Four attachments follow this page)

**ATCH 1**

<b>RETIREE ACCOUNT STATEMENT</b>					
STATEMENT EFFECTIVE DATE DEC 16, 2005		NEW PAY DUE AS OF FEB 01, 2006		SSN 123 - 45 - 6789	
PLEASE REMEMBER TO NOTIFY DFAS IF YOUR ADDRESS CHANGES				<b>DFAS-CL POINTS OF CONTACT</b>	
<p style="text-align: center;"><b>Major John Q. Doe, USAF (Ret.)</b>                      123 Green St                      Apex, NC 27511-1234</p>				DEFENSE FINANCE AND ACCOUNTING SERVICE US MILITARY RETIREMENT PAY PO BOX 7130 LONDON KY 40742-7130  COMMERCIAL (216) 522-5955 TOLL FREE 1-800-321-1080 TOLL FREE FAX 1-800-469-6559  myPAY <a href="https://myPay.dfas.mil">https://myPay.dfas.mil</a> 1-877-363-3677	
<b>PAY ITEM DESCRIPTION</b>					
ITEM	OLD	NEW	ITEM	OLD	NEW
GROSS PAY	2,746.00	2,746.00	FITW	191.31	209.05
VA WAIVER	591.30	473.04	ALLOTMENTS/BONDS	40.00	40.00
SBP COSTS	179.28	179.28			
TAXABLE INCOME	1,975.42	2,093.68			
			NET PAY	1,744.11	1,844.63
<b>PAYMENT ADDRESS</b>			<b>YEAR TO DATE SUMMARY (FOR INFORMATION ONLY)</b>		
DIRECT DEPOSIT			TAXABLE INCOME:		1,975.42
			FEDERAL INCOME TAX WITHHELD:		191.31
<b>TAXES</b>					
FEDERAL WITHHOLDING STATUS:			SINGLE		
TOTAL EXEMPTIONS:			.01		
FEDERAL INCOME TAX WITHHELD:			209.05		
<b>SURVIVOR BENEFIT PLAN (SBP) COVERAGE</b>					
SBP COVERAGE TYPE:	SPOUSE AND CHILD(REN)		ANNUITY BASE AMOUNT:	2750.50	
SPOUSE COST:	176.78		55% ANNUITY AMOUNT:	1,512.77	
CHILD COST:	50		40% ANNUITY AMOUNT:	1,100.20	
			SPOUSE DOB:	12 DEC 1945	
			CHILD DOB:	13 MAR 1996	
<p>THE ANNUITY PAYABLE IS 55% OF YOUR ANNUITY BASE AMOUNT UNTIL YOUR SPOUSE REACHES AGE 62. AT AGE 62, THE ANNUITY MAY BE REDUCED DUE TO SOCIAL SECURITY OFFSET, OR UNDER THE TWO-TIER FORMULA. THAT REDUCTION MAY RESULT IN AN ANNUITY THAT RANGES BETWEEN 40% (\$1100.20) AND 55% (1512.77) OF THE ANNUITY BASE AMOUNT. THE COMBINATION OF THE SBP ANNUITY AND THE SOCIAL SECURITY BENEFITS WILL PROVIDE TOTAL PAYMENTS FROM DFAS AND THE SOCIAL SECURITY ADMINISTRATION OF AT LEAST 55% OF YOUR BASE AMOUNT. THE ACTUAL ANNUITY PAYABLE IS DEPENDENT ON FACTORS IN EFFECT WHEN THE ANNUITY IS ESTABLISHED.</p>					

DFAS-CL 7220/148 (Rev 03-01)

<b>RETIRED SERVICEMAN FAMILY PROTECTION PLAN (RSFPP) COVERAGE</b>					
RSFPP COVERAGE TYPE	ANNUITY PAYABLE	RSFPP COST			
<b>ALLOTMENTS AND BONDS</b>					
ALLOTMENT TYPE	PAYEE	AMOUNT	BOND FACE VALUE	SERIES	DEDUCTION
INSURANCE	VGLI	40.00			
<b>TAX LEVY DEDUCTIONS</b>					
DATE OF LEVY	MONTHLY AMOUNT	BALANCE			
<b>GARNISHMENT DEDUCTIONS</b>					
PAYEE	GARNISHMENT AMOUNT	COMPLETION DATE			
<b>FORMER SPOUSE PROTECTION ACT DEDUCTIONS</b>					
PAYEE	AMOUNT				
<b>MISCELLANEOUS DEBTS</b>					
DEBT TYPE	MONTHLY DEDUCTION	PRINCIPAL AMOUNT	INTEREST AMOUNT	ACCUMULATED INTEREST	DEBT BALANCE
<b>ARREARS OF PAY BENEFICIARY INFORMATION</b>					
YOU HAVE ELECTED ORDER OF PRECEDENCE.. THE FOLLOWING BENEFICIARIES ARE ON RECORD:					
NAME	SHARE	RELATIONSHIP			
JANE P. DOE	.00	WIFE			
<b>MESSAGE SECTION</b>					
BASED ON INFORMATION RECEIVED FROM THE VA, YOUR CRDP AMOUNT IS \$283.96.					
***					



**DEFENSE FINANCE AND ACCOUNTING SERVICE**  
**CLEVELAND CENTER**  
 P. O. BOX 7130  
 LONDON, KY 40741-7130

This letter is in response to your request for information from the retired pay account of the member listed below.

MAJ John Q. Doe, USAF (Retired)

Social Security Number 123-45-6789

Payment Year	2006											
Payment Date	1-Jan	1-Feb	1-Mar	1-Apr	1-May	1-June	1-Jul	1-Aug	1-Sep	1-Oct	1-Nov	1-Dec
Gross Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$2,593.00	\$2,593.00	\$2,593.00	\$2,593.00	\$2,593.00	\$2,593.00	\$2,593.00	\$2,593.00
Misc. Credit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FCE/DC Deduction												
FCE Pay Cap												
VA Waiver	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$83.00
Taxable Income	\$0.00	\$0.00	\$0.00	\$0.00	\$2,415.37	\$2,415.37	\$2,415.37	\$2,415.37	\$2,415.37	\$2,415.37	\$2,415.37	\$2,332.37
FITW	\$0.00	\$0.00	\$0.00	\$0.00	\$201.05	\$201.05	\$201.05	\$201.05	\$201.05	\$201.05	\$201.05	\$188.60
Add'l FITW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SITW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Withholding Stats	0	0	0	0	0	0	0	0	0	0	0	0
Allotments	\$0.00	\$0.00	\$0.00	\$0.00	\$1,600.00	\$1,600.00	\$600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00	\$1,600.00
SBP	\$0.00	\$0.00	\$0.00	\$0.00	\$177.63	\$177.63	\$177.63	\$177.63	\$177.63	\$177.63	\$177.63	\$177.63
RSFPP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tax Levy	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Garnishment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Former Spouse	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Misc. Deduction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$600.00	\$600.00	\$100.00
Retired Pay Deduction	\$0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Pay	\$0.00	\$0.00	\$0.00	\$0.00	\$614.32	\$614.32	\$614.32	\$614.32	\$614.32	\$14.32	\$14.32	\$443.77

Comments: \_\_\_\_\_

Sincerely,

Retired and Annuity Pay Operations

ATCH 3



**DEFENSE FINANCE AND ACCOUNTING SERVICE**

1240 East Ninth Street  
Cleveland, Ohio 44199

(DFAS-DCC/CL)

November 20, 2006

Lucinda Lopez, Esquire  
Lopez and Pasquale, LLP  
123 Green Street  
Apex, NC 27566

Dear Mr. Roe:

This letter acknowledges the request made by your client, Mary P. Doe, under the Routine Use published in the Federal Register for a calculation of her payment under the Uniformed Services Former Spouse's Protection Act from the military retired pay account of MSG John Q. Doe, USAF (Retired).

The monthly Former Spouse payment is calculated as follows:

Gross Pay	\$1,838.00
Less VA Waiver	<u>-673.92</u>
Disposable Pay	\$1,164.08
Award	<u>    x 43%</u>
Former Spouse Pmt:	\$ 500.55

These documents contain Personal Data covered by the Privacy Act of 1974. Please ensure this information is protected from unauthorized access and/or disclosure.

If I can be of further assistance, you may contact me at the above address.

Sincerely,

Mickey L. Green  
Freedom of Information Act/Privacy Act  
Office of Corporate Communications and  
Legislative Liaison

ATCH 4



DEFENSE FINANCE AND ACCOUNTING SERVICE  
Retired and Annuity Pay

4197  
August 28, 2006

Mr. Jack Green  
123 Main Street  
Apex, NC 12345

Dear Mr. Green,

A review of your former spouse pay account indicates that you have been overpaid in the amount of \$5170.74.

According to our pay records, you have been overpaid in the amount of \$5170.74 from May 1, 2005 through October 31, 2005 @ \$861.79 per month x 6 months. Your former spouse portion of the retiree's Concurrent Disability Pay is being recouped for the payment of Combat Related Special Compensation retroactive through the same period. We will be deducting \$143.63 per month until the debt is fully recovered.

If you have already paid this debt or believe it is invalid, please contact Defense Finance and Accounting Service, U.S. Military Retirement Pay, at the address indicated at the close of this correspondence. Under 37 U.S. Code 1007(c) you have the opportunity (1) to either inspect and copy or to request and receive a copy of government records related to the debt and (2) for review of the decision related to the debt.

Collection action on this total debt amount of \$5170.74, will begin with your payment dated December 1, 2005 at a monthly rate of \$143.63 and will continue until the total amount as shown above is collected in full. You will receive a Former Spouse Account Statement showing the reduction in your monthly entitlement amount.

If this method of repayment will create a financial hardship, forward the Defense Finance and Accounting Service, U.S. Military Retirement Pay, at the address indicated at the close of this correspondence, a request for a more lenient repayment plan, specifying the amount you wish to be deducted each month. Please note that the total debt is \$5170.74 cannot take longer than 36 months total to collect.

In certain circumstances, the law provides for partial or full waiver of debts which result from erroneous payments. You may request an application for waiver by contacting the Defense and Finance Accounting Service, U.S. Military Retirement Pay, at the address indicated at the close of this correspondence.

However, submission of a waiver application does not automatically guarantee forgiveness of your debt or suspend the requirement to continue collection action. If you choose to apply for a waiver, you **must** enclose a copy of this correspondence with your application.

We are interested in working with you to resolve this debt. Should you have any further questions or requests to any of the above, please contact me at Defense Finance and Accounting Service; U.S. Military Retirement Pay; P. O. Box 7130; London, KY 40742-7130; or call toll free 1-800-321-1080, commercial (216) 204-2404.

Sincerely,

Louis Roe, Military Pay Technician  
Retired and Annuity Pay