

Concurrent Receipt Reform to End Earned Benefits Offset

The VFW's Concern:

For more than two decades, Congress has failed to address the long-standing injustice of withholding military retirement pay from disabled veterans. Department of Defense (DOD) military retirement pay and Department of Veterans Affairs (VA) disability compensation are separate and distinct benefits, earned for different reasons, yet current law continues to treat their concurrent receipt as “double-dipping.” The VFW believes this policy is fundamentally unfair, inconsistent with modern military compensation principles, and long overdue for reform.

In 2004, Congress took an important step by authorizing concurrent receipt for retirees with at least 20 years of service and a 50 percent or higher service-connected disability. While this was a positive step, the VFW believes the 50 percent threshold is arbitrary and unfair. Veterans rated below 50 percent incurred risks, injuries, and sacrifices for our nation, yet they remain excluded from full benefits without clear policy justification. This partial fix has created confusion, inequity, and frustration among disabled retirees.

The problem is especially acute for veterans who are medically retired under Chapter 61, including those injured in combat. More than 50,000 Chapter 61 retirees, some of whom need ongoing care and support, continue to have an offset between their DOD retirement pay and VA disability compensation despite having earned both benefits. Many of these veterans face lifelong medical needs and reduced earning capacity, making it particularly harmful to their long-term financial stability and family well-being.

The VFW strongly believes Congress must end the offset of earned benefits and fully address concurrent receipt. This issue should be evaluated squarely within the Armed Services Committees, where military compensation, retirement policy, and readiness impacts are properly considered. Importantly, the cost of correcting this injustice should not be framed as a tradeoff against national defense or other veterans' benefits. Congress has existing tools including the Military Retirement Fund to responsibly finance earned retirement obligations without forcing harmful offsets or false budgetary choices. Every year of delay perpetuates financial hardship and erodes trust among those who fulfilled their service commitments in good faith. The VFW calls on the 119th Congress to finally resolve this issue and ensure disabled retirees receive the benefits they earned through honorable service.

The VFW Urges Congress to:

Pass H.R.2102 / S.1032, *Major Richard Star Act*, either as a standalone bill or via the National Defense Authorization Act for Fiscal Year 2027, to enable Chapter 61 retirees who sustained combat-related injuries to receive their vested DOD retirement pay and VA disability compensation without offset.

Advance broader concurrent receipt reform by eliminating offsets between DOD military retirement pay and VA disability compensation for all disabled retirees.

Hold hearings in the House and Senate Armed Services Committees to examine the history, equity, and fiscal treatment of concurrent receipt, including the appropriate use of the Military Retirement Fund and available budgetary mechanisms to fulfill earned retirement obligations.