

# Major Richard Star Act

(H.R. 2102 / S. 1032)

HONOR THEIR SACRIFICE

End the Dollar-for-Dollar Offset Now

✗ MYTHS vs. ✓ FACTS

## ★ THE PROBLEM

Veterans who are forced to medically retire due to combat injuries or combat-related injuries are not receiving their full military retirement pay from the Department of Defense (DoD). Reducing their retirement pay because of combat-related injuries is an injustice.

Many veterans have suffered serious combat-related injuries that end their military careers and complicate future job opportunities. Here's how the current law hurts them:

- Service members **with less than 20 years of service** who are medically retired for combat or combat-related injuries can't get their full retirement pay if they also get VA disability pay.
- Their retirement pay is offset dollar-for-dollar, by the amount of VA disability pay they receive. This impacts veterans who still face physical, emotional, and financial challenges from their service injuries.

### WHY IT'S UNFAIR

This offset is essentially a "wounded veteran tax." It unfairly takes away benefits Service members earned through their sacrifice and service.

✗ **MYTH: These soldiers are "double-dipping" when they receive both benefits.**

✓ Military retirement pay, and VA disability pay are two separate benefits created for different reasons.

- Retirement pay is money veterans earn for the years they served in the military.
- VA disability pay is extra money to help make up for income veterans might lose in the future because of injuries or health problems caused by their service.

✗ **MYTH: The bill is too expensive.**

✓ The bill's cost is \$8 billion over 10 years — representing just one-tenth of one percent (0.1%) of a single year's defense budget (FY25 \$852.2 billion). This bill isn't retroactive and won't include back pay, and the phased-in approach will significantly reduce the full cost of the legislation.

✓ Each veteran can choose the option that works best for them. About half may benefit from the Major Richard Star Act, while others might keep their tax-free CRSC with no extra cost to the government.

✗ **MYTH: It would make no real impact on veterans who need it the most.**

✓ Veterans could receive an average of approximately \$1,200 more each month.

✗ **MYTH: This isn't the right time to be offering new benefits.**

✓ The Major Richard Star Act is not a new benefit. It fixes a problem from 2004, when Congress eliminated the offset and left out 54,000 veterans who were forced to retire because of combat injuries.

## ★ THE SOLUTION

**PASS THE MAJOR RICHARD STAR ACT — END THE "WOUNDED VETERAN TAX"**



The Major Richard Star Act would end the unjust offset for veterans who:

- ✓ Were medically retired
- ✓ Sustained combat or combat related injuries
- ✓ Are eligible for Combat-Related Special Compensation (CRSC)

About 54,000 veterans meet these rules. This bill would give them the choice to switch to Concurrent Receipt of Disability Pay (CRDP) so their benefits would no longer be reduced. Removing the offset would make a big difference for these veterans.

Nearly a million veterans with 20+ years of service and a 50% disability rating get both retirement pay and VA benefits.

Why not the 54,000 forced to retire from combat injuries?

**THEY'VE EARNED IT, TOO.**



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### DIFFERENCES BETWEEN 118<sup>TH</sup> AND 119<sup>TH</sup> CONGRESS

#### Expanded Eligibility for a Small Group of Combat-Injured Retirees

The 118th Congress version unintentionally excluded some combat-disabled retirees: those who served more than 20 years, were medically retired (Chapter 61), and have a VA service-connected rating of 10–40%. The Office of the Secretary of Defense for Personnel and Readiness flagged the omission. The Congressional Budget Office (CBO) estimates this change will add only about \$100 million over the 2025–2034 period — a marginal impact that doesn't significantly change the bill's cost.

#### Annual Open Season Option Clarified

Under current law, retirees eligible for both CRSC and retirement pay can choose to receive either their CRSC or their retirement pay during an open season. The 118th version aimed to extend this flexibility to newly eligible retirees, but CBO found the language insufficient. As a result, the CBO score assumed every eligible person would choose retirement pay. The 119th version clarifies the intent and is expected to lower the cost estimate by nearly \$2 billion, since not every eligible veteran will select retirement pay over CRSC.

#### Identical House and Senate Versions

In the 118th Congress, the House and Senate bills differed slightly in language, though the intent was the same. For clarity and consistency, both chambers are now using identical text, which required new bill numbers in the 119th Congress.

### ★ IMPACTED COMBAT-INJURED RETIREES BY STATE

#### Over 50,000 veterans across the country are penalized due to the Wounded Veteran Tax

(Source: DoD Statistical Report on the Military Retirement System, Sept. 30, 2022)

