



441 G St. N.W.
Washington, DC 20548

September 30, 2014

The Honorable Tom Coburn, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

Disability Compensation: Review of Concurrent Receipt of Department of Defense Retirement, Department of Veterans Affairs Disability Compensation, and Social Security Disability Insurance

Dear Dr. Coburn:

The Social Security Disability Insurance (SSDI) trust fund faces serious fiscal-sustainability challenges. The Social Security Board of Trustees projects that the SSDI trust fund, which provides benefits to individuals who cannot work due to a medical condition that is expected to last at least 1 year or result in death, will be exhausted in 2016 and notes that changes designed to improve the financial status of the SSDI program are needed soon.¹ In a July 2012 report, we identified over 100,000 SSDI beneficiaries who received concurrent cash-benefit payments from the SSDI and unemployment-insurance programs.² Given the findings of that report, you asked us to examine other federal benefit programs that could be overlapping with disability programs administered by the Social Security Administration (SSA). This report formally transmits the briefing slides presented to your staff on September 26, 2014 (see enc. I), and provides additional details.

Current law allows individuals to receive concurrent military retirement benefits from the Department of Defense (DOD), Department of Veterans Affairs (VA) disability compensation, and SSDI. This report identifies the number of disabled military personnel who received concurrent benefit payments from DOD retirement, VA disability compensation, and SSDI during fiscal year 2013. It also provides seven case-study examples of disabled military personnel receiving concurrent benefits.

Out of the 1.9 million DOD nondisability and disability retirees, we identified 59,251 individuals who received concurrent payments in fiscal year 2013 from DOD retirement, VA disability compensation, and SSDI. The payments totaled over \$3.5 billion. From our population of individuals receiving concurrent payments, we also selected a random sample of seven individuals to provide illustrative examples. These seven examples individually received from \$19,210 to \$152,719 in concurrent benefits.

¹The 2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (Washington, D.C.: July 28, 2014).

²GAO, *Income Security: Overlapping Disability and Unemployment Benefits Should Be Evaluated for Potential Savings*, [GAO-12-764](#) (Washington, D.C.: July 31, 2012).

Report Documentation Page

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To perform our work, we obtained payment and beneficiary information from DOD, VA, and SSA for fiscal year 2013 to identify those who received benefits from all three programs and summed the monthly payment amounts from each program to determine the total amount of benefits. We also reviewed laws and regulations governing concurrent disability and retirement benefits. To determine the reliability of the DOD retirement, VA disability compensation, and SSDI data, we interviewed officials responsible for compiling and maintaining relevant data. In addition, we performed electronic testing to determine the validity of the data in the databases that we used to perform our work. On the basis of our discussions with agency officials and our own testing, we concluded that the data used for this report were sufficiently reliable for our purposes. In addition to our overall analysis, we randomly selected seven individuals on the basis of payments received from all three benefit programs in fiscal year 2013 to illustrate instances of concurrent receipt of benefits. To randomly select individuals who received concurrent benefits, we stratified our sample of individuals receiving concurrent payments into seven categories by total concurrent income and randomly selected one individual from each stratum. We summarized information from DOD, VA, and SSA data files and verified the information with knowledgeable agency officials. Because we selected a small number of individuals for illustration, the results cannot be projected to the entire population of individuals receiving such benefits.

We conducted this performance audit from December 2013 to September 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Disabled military personnel may be entitled to receive support from three separate federal benefit programs, under certain conditions: (1) DOD nondisability or disability retirement,³ (2) VA disability compensation,⁴ and (3) SSDI.⁵

1. DOD retirement.

- Nondisability DOD retirement from active service. The current DOD retirement system allows military personnel to obtain retirement pay after completing at least 20 years of service. Retirement pay is usually calculated based on the basic pay that military personnel received at retirement and the number of years they served. In some cases, individuals with more than 40 years of service could receive over 100 percent of their base pay. In addition, retiree pay is adjusted annually by cost-of-living adjustments (COLA). This pay is subject to federal income taxes.
- Disability DOD retirement. Under most circumstances, military personnel are eligible for disability retirement pay if they have served on active duty for more than 30 days before incurring a disability that leaves them unfit for duty. Disability retirement pay is usually based on the individual's percentage of disability, number of years of

³10 U.S.C. §§ 1401–1414. The overall DOD retirement program consists of both nondisability and disability retirement.

⁴38 U.S.C. §§ 1101–1163.

⁵42 U.S.C. §§ 401–434.

service, and basic pay. This pay cannot exceed 75 percent of base pay and, depending on other criteria, may or may not be subject to federal income taxes. The average individual amount paid annually to military nondisability and disability retirees for fiscal year 2013 was \$28,416.

2. **VA disability compensation.** Disabled military personnel who have service-connected disabilities resulting from injuries or diseases incurred or aggravated by military service may receive benefits under the veterans' disability compensation system. The individual monthly disability compensation payment is determined by the individual's percentage of disability, family composition, and entitlement to special monthly compensation due to the loss of, or loss of the use of, certain extremities or other qualifying factors. VA disability compensation is tax-exempt. The average individual amount paid annually for fiscal year 2013 was \$13,131.
3. **SSDI.** Disabled military personnel may also be eligible to receive compensation from the SSDI program if they have a medically determinable physical or mental impairment that (1) has lasted (or is expected to last) at least 1 year or is expected to result in death and (2) prevents the individual from engaging in substantial gainful activity (SGA).⁶ There are no percentage ratings or partial disability determinations for SSDI benefits. SSDI benefit amounts are based on an individual's career earnings covered by Social Security. Individuals who have substantial income in addition to Social Security benefits may pay taxes on a portion of their benefits. The average individual amount paid annually as of December 2013 was \$11,953.

Federal law provides for the concurrent receipt of the DOD retirement, VA disability compensation, and SSDI compensation benefits, although the terms of receipt have changed over time since 2004. Before 2004, laws and regulations stipulated that military retirees could not concurrently receive the full amount of their DOD retirement and VA disability compensation. As a result, military retirees with physical disabilities recognized by the VA had their retirement pay offset dollar-for-dollar by the amount of their VA compensation. Under a program that began on January 1, 2004, however, the offset was phased out for certain individuals by 10 percent per year over a 10-year period.⁷ For the fiscal year 2013 payment data in our analysis, the prior offset had been reduced by 90 percent. Starting in January 2014, veterans who qualify receive the full amount of their VA disability compensation and DOD retirement benefits concurrently with no offset. Military personnel who do not qualify have the option of choosing between receiving DOD retirement offset by VA disability compensation or waiving DOD retirement and receiving VA disability compensation. SSDI benefits do not affect the receipt of DOD disability or nondisability retirement.

Number of Disabled Military Personnel Who Received Concurrent Benefit Payments from DOD Retirement, VA Disability Compensation, and SSDI during Fiscal Year 2013

Out of the 1.9 million DOD nondisability and disability retirees, we identified 59,251 individuals who received concurrent payments in fiscal year 2013 from DOD retirement, VA disability compensation, and SSDI. The payments totaled over \$3.5 billion.

⁶SGA is defined as work activity that involves significant physical or mental activities performed for pay or profit.

⁷Military nondisability retirees with a combined VA disability rating of 50 percent or greater who are entitled to retired pay have their offset eliminated under this Concurrent Retirement and Disability Pay (CDRP) Program. The program also applies to military disability retirees with a combined VA disability rating of 50 percent or greater and at least 20 years of military service, but only to the extent that the amount of the disability retirement does not exceed the amount of retired pay to which the retiree would have been entitled under a nondisability retirement.

From our total population of 59,251 individuals, we found the following:

- A total of 40,179 (or 68 percent) each received between \$25,000 and \$74,999 in total compensation.
- A total of 2,304 (or 4 percent) each received concurrent payments of \$100,000 or more, with the highest beneficiary, who retired at pay grade O-8, receiving \$208,757 in fiscal year 2013.
- The age of the individuals receiving concurrent payments ranged from 19 to 66, with almost half (28,626, or 48 percent) of the individuals being age 60 or above as of January 2013.
- The combined benefits from the three programs for individuals age 60 or above totaled approximately \$1.7 billion.
- A total of 48,127 (or 81 percent) had a VA disability rating equal to or greater than 50 percent.
- A total of 10,289 (or 17 percent) received compensation due to a combat-related disability.

As previously stated, current law generally allows military personnel to receive concurrent disability compensation from DOD, VA, and SSA, under certain conditions. We randomly selected seven individuals who received concurrent benefits to provide illustrative examples of such instances. The total concurrent benefits received in fiscal year 2013 for each individual ranged from \$19,210 to \$152,719.

Agency Comments

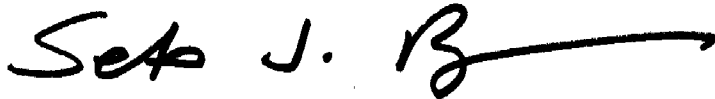
We provided a draft of this report to the Acting Commissioner of Social Security, the Secretary of Defense, and the Secretary of Veterans Affairs for review and comment. In written comments, which are reproduced in enclosure II, SSA said that it did not have any comments. DOD did not comment on the report's findings but provided technical comments, which we have incorporated as appropriate. In written comments, reproduced in enclosure III, VA said that it generally agreed with the report's conclusions. VA also provided technical comments, which we have incorporated as appropriate.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the Acting Commissioner of Social Security, the Secretary of Defense, the Secretary of Veterans Affairs, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-6722, or BagdoyanS@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Sincerely yours,

A handwritten signature in black ink that reads "Seto J. Bagdoyan". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Seto J. Bagdoyan
Acting Director, Forensic Audits and Investigative Service

Enclosures—3



**Disability Compensation: Review of Concurrent
Receipt of Department of Defense Retirement,
Department of Veterans Affairs Disability
Compensation, and Social Security Disability Insurance**

**Briefing to
Congressional Requester
September 26, 2014**

Introduction: Social Security Disability Insurance Trust Fund Status

- The Social Security Disability Insurance (SSDI) trust fund, which provides benefits to individuals who cannot work due to a medical condition that is expected to last at least 1 year or result in death, faces serious fiscal-sustainability challenges.
 - The Social Security Board of Trustees projects that the SSDI trust fund reserves will be exhausted in 2016 and notes that changes designed to improve the financial status of the SSDI program are needed soon.¹
- In a report we issued in July 2012,² we identified over 100,000 SSDI beneficiaries who received concurrent cash-benefit payments from the SSDI and unemployment-insurance programs totaling more than \$850 million.
- Current law allows individuals to receive concurrent Department of Defense (DOD) military retirement pay, Department of Veterans Affairs (VA) disability compensation, and SSDI.

¹The 2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (Washington, D.C.: July 28, 2014).

²GAO, *Income Security: Overlapping Disability and Unemployment Benefits Should Be Evaluated for Potential Savings*, GAO-12-764 (Washington, D.C.: July 31, 2012).

Scope and Methodology – Objective 1

To identify individuals who received concurrent benefit payments during fiscal year 2013, we

- obtained payment and beneficiary information from DOD, VA, and the Social Security Administration (SSA), for fiscal year 2013;
- identified individuals who received benefits from all three programs; and
- summed the monthly payment amounts from each program to determine the total amount of benefits for each individual.

To assess the reliability of DOD, VA, and SSA data, we interviewed knowledgeable agency officials, reviewed existing information, and performed electronic testing on the data. We determined that the data were sufficiently reliable for our purposes.

Scope and Methodology – Objective 2

To randomly select seven individuals who received concurrent benefit payments during fiscal year 2013, we

- stratified our sample of individuals receiving concurrent payments into seven categories by total concurrent income;
- randomly selected an individual from each of the seven strata;
- summarized information from DOD, VA, and SSA data files; and
- verified accuracy of payment data by confirming information with knowledgeable agency officials.

Because we selected a small number of individuals for illustration, the results cannot be projected to the entire population of individuals receiving such benefits, but provide illustrative examples.

We conducted this performance audit from December 2013 to September 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

- Out of 1.9 million DOD nondisability and disability retirees, we identified 59,251 individuals who received concurrent payments in fiscal year 2013 from DOD retirement, VA disability compensation, and SSDI. The payments totaled over \$3.5 billion.
- Characteristics of 59,251 individuals:
 - A total of 40,179 (or 68 percent) each received between \$25,000 and \$74,999 in total compensation.
 - A total of 2,304 (or 4 percent) each received concurrent payments of \$100,000 or more, with the highest beneficiary receiving \$208,757 in fiscal year 2013.
 - The age of the individuals receiving concurrent payments ranged from 19 to 66, with almost half (28,626, or 48 percent) of the individuals age 60 or above as of January 2013.
 - The combined benefits for these individuals age 60 or above totaled \$1.7 billion.
 - A total of 48,127 (or 81 percent) had a VA disability rating equal to or greater than 50 percent.
 - A total of 10,289 (or 17 percent) received compensation due to a combat-related disability.
- We randomly selected a total of seven individuals to illustrate instances of concurrent benefits. There was a range of diagnosis codes, and the total concurrent benefits received in fiscal year 2013 for each individual ranged from \$19,210 to \$152,719.

Background: Department of Defense (DOD) Retirement

- Military personnel who have served at least 20 years may collect nondisability retirement.
 - Retired pay is usually calculated on the basis of basic pay and number of years in service.
 - Adjusted annually by cost-of-living adjustments (COLA).
- Under most circumstances, disability retirement is available for military personnel who have served on active duty more than 30 days, have a disability rated as 30 percent or greater,³ and who are determined unfit for duty.
 - Disability retirement is usually based on the percentage of disability, number of years in service, and the base pay received before experiencing the disability.
 - This pay cannot exceed 75 percent of base pay and, depending on certain criteria, may or may not be subject to federal income tax.
- The average individual amount paid annually to military nondisability and disability retirees for fiscal year 2013 was \$28,416.
- There were 1.9 million DOD nondisability and disability retirees as of September 30, 2013.

³Disability ratings are determined based on the severity of disability.

Background: Veterans Affairs (VA) Disability Compensation

- VA provides monthly disability compensation to most veterans based on service-connected disabilities resulting from injuries or diseases incurred or aggravated by military service and not the veteran's rank while on active duty.
- Payments vary greatly and depend on, among other things, the percentage of the disability,⁴ family composition, and entitlement to special monthly compensation.⁵
- The average individual amount paid annually for fiscal year 2013 was \$13,131.
- VA disability compensation is tax-exempt.
- There were 3.7 million VA disability-compensation recipients as of September 30, 2013.

⁴VA disability ratings are made in increments of 10 percent, ranging from 0 percent to 100 percent.

⁵Special monthly compensation is an additional tax-free benefit paid due to a specific disability such as a loss of use of one hand or leg or other qualifying factors.

Background: Social Security Disability Insurance (SSDI)

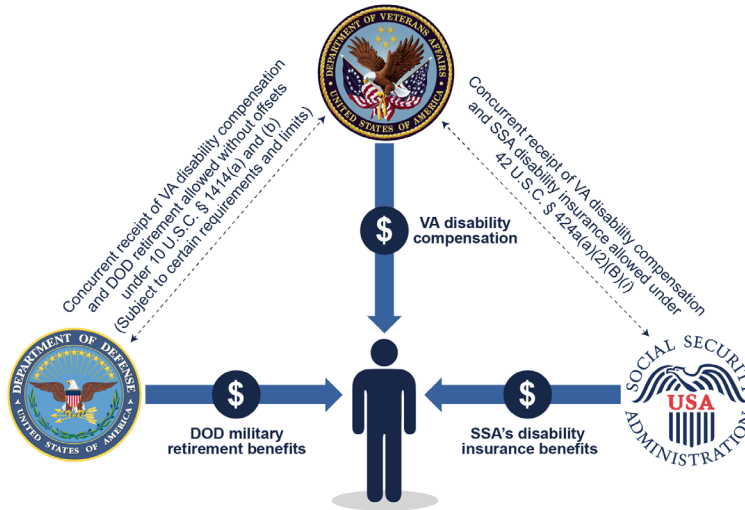
- The SSDI program is a nationwide federal assistance program administered by SSA that provides income for individuals who have a physical or mental impairment that
 - has lasted (or is expected to last) at least 1 year or is expected to result in death and
 - prevents the individual from engaging in substantial gainful activity (SGA).⁶
- There are no percentage ratings or partial disability determinations for SSDI benefits.
- SSDI benefit amounts are based on an individual's career earnings covered by Social Security.
- Individuals who have substantial income in addition to Social Security benefits may pay taxes on a portion of their benefits.
- The average individual amount paid annually as of December 2013 was \$11,953.
- There were 10.9 million SSDI beneficiaries as of December 2013.

⁶A person who is earning more than a certain monthly amount (net of impairment-related work expenses) is ordinarily considered to be engaging in SGA.

Background: Concurrent Receipt of Benefits

Figure 1: Some Military Personnel May Receive Cash Benefits Concurrently

Current law allows individuals to receive concurrent disability compensation from the Social Security Administration's (SSA) disability insurance (SSDI) program and the Department of Veterans Affairs (VA) disability compensation program. Some individuals may receive concurrent disability compensation from VA and military retirement benefits from the Department of Defense (DOD). Further, some individuals may receive cash benefits concurrently from all three programs.

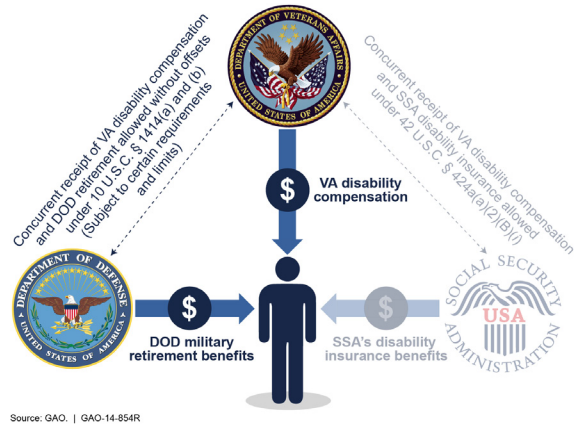


Source: GAO. | GAO-14-854R

Background: Offsets for DOD Retirement and VA Disability Compensation

- Through calendar year 2003, retirement pay earned from DOD for military service was offset by any payment received from VA disability compensation under certain circumstances.
- Beginning with the National Defense Authorization Act (NDAA) for fiscal year 2002,⁷ legislation has been enacted that increasingly reduces or eliminates the offset of DOD retired pay and VA disability compensation under certain circumstances.
 - The offset reduction was phased in over 10 years from 2004 to 2013.
 - For 2013, the offset for qualified military personnel had diminished to 10 percent; that is, qualified military personnel received 90 percent concurrent pay, with 10 percent offset.

Figure 2: DOD Retirement and VA Disability Are Generally Allowed without Offset



⁷Public Law 107-107 § 641, 115 Stat. 1149..

Background: Offsets for DOD Retirement and VA Disability Compensation (cont.)

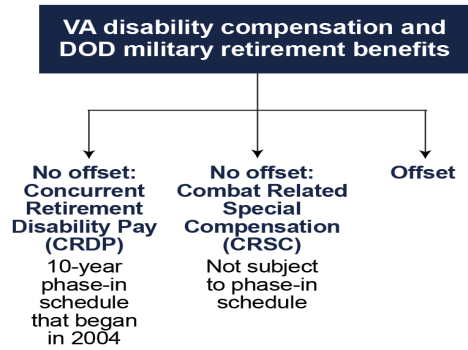
Military personnel falling into one of the categories below do not have retirement offset:

- **Concurrent Retirement and Disability Pay (CRDP)**—eliminates VA disability offset
 - Disability retirement—must have VA disability rating of 50 percent or greater and at least 20 years of service. However, CRDP does not apply to any amount in excess of what would have been received had the individual received a nondisability retirement.
 - Nondisability retirement—must have VA disability rating of 50 percent or greater and be entitled to retired pay.

- **Combat Related Special Compensation (CRSC) program**—tax-free entitlement
 - Combat-related injury incurred as a direct result of armed conflict, hazardous duty, instrumentality of war, or simulated war.
 - VA disability rating of at least 10 percent.
 - Military personnel cannot receive both CRDP and CRSC.

Military personnel who do not fall within either of the two categories above have the option of choosing between receiving DOD retirement offset by VA disability compensation or waiving DOD retirement and receiving VA disability compensation.

Figure 3: DOD Military Retirement Benefits May Be Offset If Military Personnel Are Not Eligible for Either Program

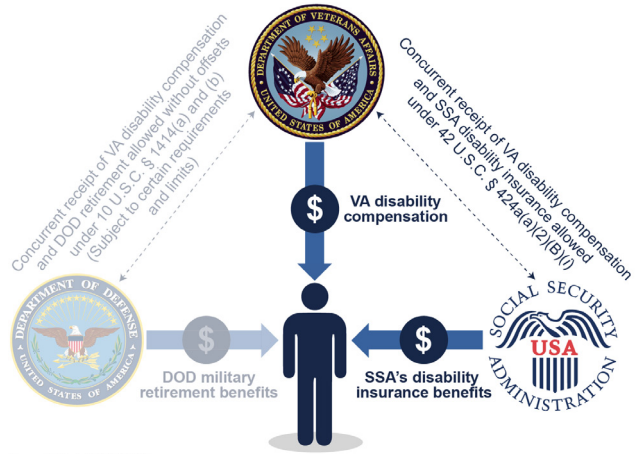


Source: GAO. | GAO-14-854R

Background: Concurrent SSDI and VA Disability Compensation

- Concurrent receipt of SSDI and VA disability compensation is legally permitted.⁸
- In contrast, benefits from other federal, state, and local disability programs are offset against SSDI benefits so that the total benefits do not exceed 80 percent of predisability earnings.

Figure 4: VA Disability Compensation and SSDI Allowed without Offset



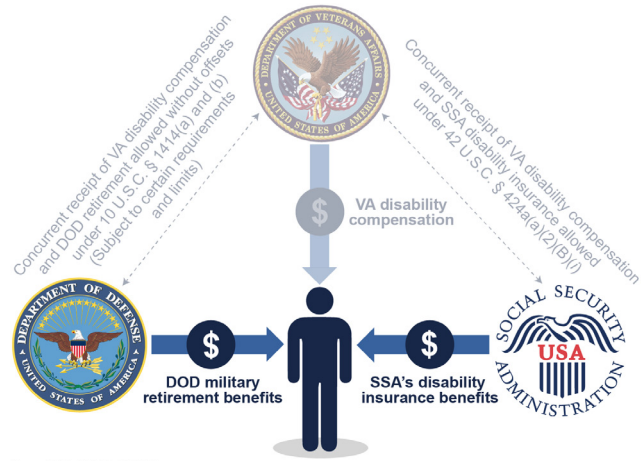
Source: GAO. | GAO-14-854R

⁸42 U.S.C. § 424a(a)(2)(B)(i).

Background: Concurrent SSDI and DOD Retirement

- SSDI benefits do not affect DOD retirement pay.
- SSDI benefits are not offset for DOD benefits, regardless of whether an individual has a disability.⁹
- DOD retirement does not meet SSA's definition of earned income.

Figure 5: DOD Military Retirement and SSDI Allowed without Offset



⁹42 U.S.C. § 424a(a)(2)(B)(iv) and 42 U.S.C. § 410(l).

Background: Outreach to Veterans Directed by Congress

- Congress has focused increased attention on care for recovering military personnel, including efforts to ensure they receive their entitled benefits.
- The National Defense Authorization Act (NDAA) for Fiscal Year 2008 required DOD and VA to consult with other relevant federal agencies and develop a comprehensive policy for improving case management for recovering military personnel and veterans.
- DOD and VA have developed several new programs designed to help disabled military personnel heal and transition back to their military duties or civilian life.
 - For example, DOD's Warrior Transition Brigade program helps disabled military personnel learn about and apply for SSDI benefits.

Objective 1: Concurrent Benefits Paid in Fiscal Year 2013

Figure 6: Summary of Concurrent Benefits Paid to More Than 59,000 Individuals Totaling over \$3.5 Billion in Fiscal Year 2013

Group	Number of individuals	Percentage of total	Dollar amount
• Highest combined benefit	1	-	\$208,757
• Lowest combined benefit	1	-	2,109
• Received \$25,000-\$74,999 in benefits	40,179	68%	2,132,883,704
• VA disability rating equal or greater than 50 percent	48,127	81	3,132,863,290
• Age 60 and over as of January 2013	28,626	48	1,731,544,306
• Combat-related disability	10,289	17	605,956,296

Source: GAO analysis of data from the Department of Defense (DOD), Department of Veterans Affairs (VA), and Social Security Administration (SSA). | GAO-14-854R.



Objective 1: Concurrent Benefits Paid in Fiscal Year 2013 (cont.)

Figure 7: Concurrent Benefits Received by Individuals

Range of concurrent benefits received in fiscal year 2013	Number of individuals	Total fiscal year 2013 benefits paid (dollars)
0–24,999	4,324	\$81,110,882
25,000–49,999	17,101	650,020,197
50,000–74,999	23,078	1,482,863,507
75,000–99,999	12,444	1,033,005,052
100,000–124,999	1,834	200,858,337
125,000–149,999	369	49,666,070
150,000 and above	101	16,359,228
Total	59,251	\$3,513,883,272

Source: GAO analysis of data from the Department of Defense (DOD), Department of Veterans Affairs (VA), and Social Security Administration (SSA). | GAO-14-854R.
Note: Total column does not add up to figure due to rounding.

Objective 1: Concurrent Benefits Paid in Fiscal Year 2013 (cont.)

Figure 8: Concurrent Benefits Paid by Age

Age	Number of individuals	Percentage of total	Total fiscal year 2013 benefits paid (dollars)
Under 30	1,725	3%	\$52,271,371
30–39	2,766	5	107,492,771
40–49	6,153	10	382,678,719
50–59	19,981	34	1,239,896,104
60 and over	28,626	48	1,731,544,306
Total	59,251	100%	\$3,513,883,272

Source: GAO analysis of data from Department of Defense (DOD), Department of Veterans Affairs (VA), and Social Security Administration (SSA). | GAO-14-854R.
 Note: Total column does not add up to total figure due to rounding. The age of beneficiaries ranged from 19 to 66.



Objective 1: Concurrent Benefits Paid in Fiscal Year 2013 (cont.)

Figure 9: Concurrent Benefits Paid by Agency

Agency	Total of all benefits paid in fiscal year 2013 (dollars)
Department of Veterans Affairs (VA)	\$1,406,436,021
Department of Defense (DOD)	1,169,997,900
Social Security Administration (SSA)	937,449,351
Total	\$3,513,883,272

Source: GAO analysis of data from Department of Defense (DOD), Department of Veterans Affairs (VA), and Social Security Administration (SSA). | GAO-14-854R.



Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (\$1–\$24,999 stratum)

Age on January 1, 2013:	27
Year retired:	2011
Pay grade at retirement: (see app. I)	E-4
Years of service:	6
Impairment diagnoses include, among others:	Lung disease; multiple neurological conditions
Combat benefits included:	No
Fiscal year benefits:	\$19,210
	\$7,966 DOD retirement
	\$7,845 VA disability compensation
	\$3,399 SSA disability insurance



Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (\$25,000–\$49,999 stratum)

Age on January 1, 2013:	63	
Year retired:	1987	
Pay grade at retirement: (see app. I)	E-6	
Years of service:	20	
Impairment diagnoses include, among others:	Endocrine system disorder; limitation of motion in spine	
Combat benefits included:	No	
Fiscal year benefits:	\$37,765	
	\$15,258	DOD retirement
	\$3,052	VA disability compensation
	\$19,455	SSA disability insurance



Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (\$50,000–\$74,999 stratum)

Age on January 1, 2013:	62
Year retired:	1991
Pay grade at retirement: (see app. I)	E-7
Years of service:	20
Impairment diagnoses include, among others:	Heart disease; endocrine system disorder; arthritis
Combat benefits included:	No
Fiscal year benefits:	\$62,867
	\$16,954 DOD retirement
	\$29,013 VA disability compensation
	\$16,900 SSA disability insurance

Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (\$75,000–\$99,999 stratum)

Age on January 1, 2013:	60	
Year retired:	2002	
Pay grade at retirement: (see app. I)	E-8	
Years of service:	21	
Impairment diagnoses include, among others:	Neurological condition; arthritis; hearing loss	
Combat benefits included:	No	
Fiscal year benefits:	\$81,738	
	\$26,722	DOD retirement
	\$35,578	VA disability compensation
	\$19,438	SSA disability insurance

Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (\$100,000–\$124,999 stratum)

Age on January 1, 2013:	54	
Year retired:	1997	
Pay grade at retirement: (see app. I)	E-6	
Years of service:	20	
Impairment diagnoses include, among others:	Loss of use of feet; lung disease; vascular disease	
Combat benefits included:	No	
Fiscal year benefits:	\$122,887	
	\$17,664	DOD retirement
	\$85,958	VA disability compensation
	\$19,265	SSA disability insurance



Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (\$125,000–\$149,999 stratum)

Age on January 1, 2013:	65
Year retired:	2005
Pay grade at retirement: (see app. I)	O-6
Years of service:	28
Impairment diagnoses include, among others:	Lung disease; neurological condition; arthritis
Combat benefits included:	No
Fiscal year benefits:	\$135,889
	\$89,272 DOD retirement
	\$37,720 VA disability compensation
	\$8,897 SSA disability insurance



Objective 2: Case-Study Example of Individual Receiving Concurrent Benefits (≥ \$150,000 stratum)

Age on January 1, 2013:	59
Year retired:	2004
Pay grade at retirement: (see app. I)	E-9
Years of service:	26
Impairment diagnoses include, among others:	Loss of feet; renal involvement in systemic diseases; blindness in 1 eye
Combat benefits included:	No
Fiscal year benefits:	\$152,719
	\$46,396 DOD retirement
	\$85,958 VA disability compensation
	\$20,365 SSA disability insurance

Appendix I: Military Basic Pay

Figure 10: 2013 Basic Pay Schedule for Officers

Pay grade ^a	Years of service					
	2 or fewer	Over 6	Over 12	Over 18	Over 24	Over 30
O-10					195,883.20	212,972.40
O-9					172,897.20	187,912.80
O-8	118,173.60	128,538.00	140,220.00	152,402.40	162,147.60	166,204.80
O-7	98,190.00	109,580.40	119,512.80	143,096.40	143,096.40	146,703.60
O-6	72,777.60	85,525.20	89,676.00	109,072.80	120,412.80	128,840.40
O-5	60,670.80	76,921.20	85,420.80	97,416.00	103,078.80	103,078.80
O-4	52,347.60	69,296.40	82,234.80	87,404.40	87,404.40	87,404.40
O-3	46,026.00	64,339.20	73,087.20	74,880.00	74,880.00	74,880.00
O-2	39,769.20	55,036.80	55,036.80	55,036.80	55,036.80	55,036.80
O-1	34,516.80	43,430.40	43,430.40	43,430.40	43,430.40	43,430.40

Source: Defense Finance and Accounting Service abstract of military basic pay. | GAO-14-854R

^aBasic pay for an O-7 to O-10 is limited by Level II of the Executive Schedule, which is \$179,700 per year. Basic pay for O-6 and below is limited by Level V of the Executive Schedule, which is \$145,700 per year.

Appendix I: Military Basic Pay (cont.)

Figure 11: 2013 Basic Pay Schedule for Officers and Warrant Officers

Pay grade ^a	Years of service					
	2 or fewer	Over 6	Over 12	Over 18	Over 24	Over 30
O-3	-	64,339.20	73,087.20	79,912.80	79,912.80	79,912.80
O-2	-	55,036.80	62,031.60	63,734.40	63,734.40	63,734.40
O-1	-	46,375.20	51,566.40	53,924.40	53,924.40	53,924.40
W-5	-	-	-	-	92,059.20	100,382.40
W-4	47,566.80	56,566.80	65,275.20	74,250.00	83,426.40	88,599.60
W-3	43,434.00	49,658.40	59,346.00	67,777.20	73,846.80	76,194.00
W-2	38,433.60	46,454.40	54,136.80	59,889.60	64,155.60	64,155.60
W-1	33,739.20	42,850.80	50,468.40	56,268.00	58,298.40	58,298.40

Source: Defense Finance and Accounting Service abstract of military basic pay. | GAO-14-854R

^aApplicable to O-1 through O-3 with at least 4 years and 1 day of active duty or more than 1,260 points as a warrant officer or enlisted member.

Appendix I: Military Basic Pay (cont.)

Figure 12: 2013 Basic Pay Schedule for Enlisted Personnel

Pay grade	Years of service					
	2 or fewer	Over 6	Over 12	Over 18	Over 24	Over 30
E-9	-	-	58,770.00	64,288.80	72,824.40	80,920.80
E-8	-	-	50,410.80	56,646.00	62,218.80	67,096.80
E-7	32,702.40	40,284.00	46,508.40	51,372.00	54,874.80	58,773.60
E-6	28,285.20	35,226.00	41,943.60	43,808.40	43,808.40	43,808.40
E-5	25,912.80	32,490.00	36,770.40	36,770.40	36,770.40	36,770.40
E-4	23,756.40	28,839.60	28,839.60	28,839.60	28,839.60	28,839.60
E-3	21,448.80	24,177.60	24,177.60	24,177.60	24,177.60	24,177.60
E-2	20,397.60	20,397.60	20,397.60	20,397.60	20,397.60	20,397.60
E-1	18,194.40	-	-	-	-	-

Source: Defense Finance and Accounting Service abstract of military basic pay. | GAO-14-854R

(192440)



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Comments from the Social Security Administration



SOCIAL SECURITY

Office of the Commissioner

September 22, 2014

Mr. Seto Bagdoyan
Acting Director, Forensic Audits and Investigative Service
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bagdoyan:

Thank you for the opportunity to review the draft report, "Disability Compensation: Review of Concurrent Receipt of Department of Defense Retirement, Department of Veterans Affairs Disability Compensation, and Social Security Disability Insurance" (GAO-14-854R). We do not have any comments.

If you have any questions, please contact me at (410) 966-9014. Your staff may contact Gary S. Hatcher, our Senior Advisor for Records Management and Audit Liaison Staff, at (410) 965-0680.

Sincerely,

James A. Kissko
Chief of Staff

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001

Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

September 18, 2014

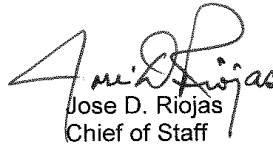
Mr. Seto J. Bagdoyan
Acting Director
Forensic Audits and Investigative Service
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bagdoyan:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**Disability Compensation: Review of Concurrent Receipt of Department of Defense Retirement, Department of Veterans Affairs Disability Compensation, and Social Security Disability Insurance**" (GAO-14-854R). VA generally agrees with GAO's conclusions.

The enclosure provides general and technical comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,


Jose D. Riojas
Chief of Staff

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