

MODULE 2

Teacher's Guide

Maximizing Your Disability Benefits — Claims, CRDP/CRSC & Scam Awareness

Who this guide is for

Module 2 is the most emotionally charged class you will teach. Veterans in your room may be underrated, may have been talked out of filing years ago, or may have been targeted by a "claim shark" who took thousands of their dollars. Your job is to give them the vocabulary and the free, accredited resources they need to act — without you ever filing a claim or telling them what their rating "should" be.

Each topic below is a plain-English explanation, the numbers worth memorizing, the questions students will ask, and the pitfalls to avoid. Read this guide once before class. You do not need to memorize it — you need to know *where* to look for each answer.

YOUR NORTH STAR — The One Rule

You are an **educator**, not a **VSO**. When a student asks "should I file?" or "will my rating go up?" the answer is always: "A free, accredited VSO can review your records and tell you. Here's how to find one." Never estimate someone's rating, never compare their condition to another veteran's, and **never recommend a paid claims consultant**. The fee-for-claims industry is the single biggest threat to your students' wallets in this entire course.

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Part 1 — Claims, Increases & Secondary Conditions

Filing a New Claim — The Plain-English Version

A **VA disability claim** is a request to the Department of Veterans Affairs to recognize that a current medical condition is connected to military service and to compensate the veteran for it. Three things have to be true for a claim to succeed:

- **A current diagnosis.** The condition has to exist now, documented by a healthcare provider.
- **An in-service event, injury, or exposure.** Something in their service records ties the condition back to their time in uniform.
- **A nexus.** A medical opinion linking the current diagnosis to the in-service event. This is usually a doctor's letter that uses the magic phrase "at least as likely as not."

If your students take only one fact from this section, make it this one: **there is no deadline to file.** A veteran who separated in 1972 can still file a claim today. Many of the conditions in your room — hearing loss, tinnitus, sleep apnea, hypertension, joint problems, diabetes from Agent Orange — do not surface for decades.

KEY NUMBERS

Deadline to file an initial VA claim	None
Effective date of award	Date the VA receives the claim
Cost of filing through an accredited VSO	\$0
Cost of filing through an attorney/agent (initial claim)	\$0 (cannot charge for initial filing)
Maximum legal fee for an appeal (after denial)	20% of past-due benefits
Where to find an accredited rep	va.gov/ogc/accreditation.asp

Filing a Rating Increase

A veteran with an existing rating can file a **Claim for Increase** at any time if the condition has worsened. They use the same form as a new claim (VA Form 21-526EZ) and submit current medical evidence showing the condition is more severe than when last rated. Common increase candidates in an older population: hearing loss, tinnitus, joint conditions, PTSD, sleep apnea, hypertension, and any condition that has progressed with age.

Caution: Filing for an increase opens the rating up for VA review. The VA can, in rare cases, *reduce* a rating if the new evaluation finds the condition has improved. This is uncommon for older veterans with chronic conditions, but it is why a VSO review of medical evidence beforehand is worth doing.

IF A STUDENT ASKS...

Q: I tried to file 20 years ago and got denied. Should I try again?

A: Yes. The standard for granting claims has shifted significantly — especially since the **PACT Act** (2022) which expanded presumptive conditions for burn pit, Agent Orange, and radiation exposures. A condition that was denied in 2005 might be granted automatically today. Tell them: "Take your old denial letter to a VSO and ask them to look at it under current rules."

Q: What is the PACT Act and does it apply to me?

A: The **Sergeant First Class Heath Robinson Honoring our PACT Act of 2022** expanded the list of conditions presumed to be service-connected for veterans exposed to burn pits, Agent Orange, radiation, and other toxins. Vietnam, Gulf War, post-9/11, and certain Cold War-era veterans are all covered for various conditions. They don't have to prove the link — the VA assumes it. **Refer to a VSO** for whether their specific era and conditions qualify.

Q: Do I need a lawyer?

A: For an initial claim, no — and a lawyer cannot legally charge them. VSOs (DAV, VFW, American Legion, AMVETS, state VSOs) handle initial claims for free. Lawyers and accredited agents can only charge for appeals after a denial, and that fee is capped at 20% of past-due benefits. If anyone asks for an upfront fee to file a claim, they're operating illegally.

Q: How long does a claim take?

A: Currently averaging **4–6 months** for initial decisions, but it varies. Backlog has fluctuated. Tell them: file now, then forget about it. The VA will request a C&P (Compensation & Pension) exam — **they must show up to that exam** or the claim is denied.

DO NOT SAY — Liability Trap

Do not say: "You'll definitely get rated for that" or "Your rating should be at least 70%." Both are advice that the veteran will quote back when reality disappoints. Say: "A VSO can review your records and tell you what's worth filing — for free, in about an hour."

Secondary Service-Connected Conditions

A **secondary condition** is a new health problem caused or aggravated by an existing service-connected condition. The connection is medical, not military — so the secondary doesn't have to come from service itself. It only has to come from a condition that *did*.

These are the most commonly missed claims in your room. Veterans tend to focus on what hurt them in service and overlook what those original injuries are doing to the rest of their body now.

Existing service-connected condition	Common secondary
Back / spine injury	Knee, hip, ankle problems from compensating gait
Knee injury (one side)	Opposite knee/hip from overuse
PTSD	Sleep apnea, hypertension, depression, GERD, erectile dysfunction
Tinnitus	Headaches/migraines, anxiety, insomnia
Type 2 diabetes (Agent Orange presumptive)	Peripheral neuropathy, kidney disease, retinopathy
Hearing loss	Tinnitus, balance issues
Knee/back pain (long-term)	Depression from chronic pain

WATCH OUT — Independent vs. Secondary

A condition can be a **direct** service-connected claim or a **secondary** claim — the evidence pathway is different. Direct: prove it started in service. Secondary: prove it's caused or aggravated by something already service-connected. A VSO can help pick the strongest pathway. Don't try to coach students on which to file.

IF A STUDENT ASKS...

Q: *My doctor said my sleep apnea is from my PTSD. How do I file?*

A: They need a **nexus letter** from that doctor stating the medical opinion that the sleep apnea is "at least as likely as not" caused or aggravated by the service-connected PTSD. A VSO can guide them on what the letter needs to say. The VA may then schedule a C&P exam to evaluate severity.

Q: *Will adding a secondary lower my existing rating?*

A: No — secondaries are *added* to existing ratings using VA math (which is not normal math; ratings combine, not add). It's possible the existing rating could be reviewed, but secondaries themselves do not reduce primaries.

Part 2 — The VA Waiver, CRDP & CRSC

First, Re-Anchor on the VA Waiver

If a veteran receives **both** military retired pay and VA disability compensation, federal law requires their retired pay to be reduced dollar-for-dollar by the VA amount. This is the **VA Waiver** (also called "the offset"). The veteran still receives the same total — the VA portion just becomes tax-free. Module 1 covered this in detail; this section is what makes some of that waiver come **back**.

Two federal programs were created to restore some or all of the waived retired pay: **CRDP** (Concurrent Retirement and Disability Pay) and **CRSC** (Combat-Related Special Compensation). Most students do not know they exist, do not know they qualify, or have them confused with each other. This part fixes that.

CRDP — Concurrent Retirement and Disability Pay

CRDP restores retired pay that was waived because of VA compensation, allowing the veteran to receive both checks in full. It's **automatic** — if the veteran qualifies, DFAS enrolls them. No application required.

To qualify for CRDP, all four must be true:

- Retired from the military (20+ years of service, or medical retirement under Chapter 61 with 20+ years deemed)
- Receiving VA disability compensation
- **VA rating of 50% or higher**
- Receiving retired pay (not just VA pay)

CRDP money is treated like retired pay — **taxable**, COLA-adjusted, paid by DFAS.

CRSC — Combat-Related Special Compensation

CRSC restores retired pay waived because of VA compensation, but only for the portion of disability that is **combat-related**. The veteran has to apply for it — and the application is specific.

To qualify for CRSC, all must be true:

- Retired from the military (20+ years OR medical retirement under Chapter 61)
- **VA rating of 10% or higher** for the combat-related conditions
- The disability is "combat-related" under specific definitions:
 - Armed conflict (combat with an enemy)
 - Hazardous service (parachute, demolition, flight, dive duty)
 - Instrumentality of war (vehicle, weapon, agent of war)
 - Simulating war (training that mirrors combat conditions)
- Application: **DD Form 2860**, submitted to their *branch of service* (not VA, not DFAS)

CRSC money is **tax-free** — this is its big advantage. It comes from DFAS but is excluded from gross income.

KEY NUMBERS

CRDP minimum VA rating	50%
CRSC minimum VA rating	10% (combat-related only)
CRDP application form	None — automatic
CRSC application form	DD Form 2860

CRDP tax treatment	Taxable
CRSC tax treatment	Tax-free
Can a veteran receive both?	No — one or the other
Election window	Annual (each January)

CRDP vs. CRSC — The Election

If a veteran qualifies for both, DFAS sends a notice each January asking which one they want for the year. They **cannot have both**. The choice is reversible — but only once a year, during the open season.

The math is not always intuitive. CRDP is taxable but typically pays a higher gross amount; CRSC is tax-free but only covers the combat-related portion. For a veteran with a 100% rating where most conditions are *not* combat-related, CRDP usually wins. For a veteran whose disability is predominantly from combat, CRSC's tax-free advantage often wins. **This is exactly the kind of math a tax professional should run.**

WATCH OUT — The DFAS Lag

When the VA changes a rating retroactively (a common outcome of an appeal), there is often a **multi-month lag** before DFAS adjusts retired pay and CRDP/CRSC. This can produce an unexpected back-payment from DFAS, OR an unexpected debt notice if the rating went down. Tell students: **watch myPay closely after any VA decision** and call DFAS (1-800-321-1080) the moment something looks wrong.

IF A STUDENT ASKS...

Q: I'm rated 70%, retired with 22 years. Am I getting CRDP?

A: Almost certainly — CRDP is automatic for qualifying retirees. They should check their RAS (Retiree Account Statement) on myPay; CRDP appears as a line item that *adds back* some or all of the VA Waiver. If they're qualifying and not seeing it, call DFAS.

Q: I was hurt in training in 1985, not in combat. Is that combat-related for CRSC?

A: Possibly — "simulating war" covers training designed to mirror combat conditions. Live-fire exercises, parachute jumps, demolition training, and similar high-risk training all qualify. Their **branch of service** makes the determination on DD Form 2860, not the VA. Tell them to apply — the worst that happens is denial; nothing is lost by trying.

Q: Should I switch from CRDP to CRSC this year?

A: You cannot answer this. The right answer depends on their tax bracket, the proportion of combat-related disability vs. total, state taxation, and their full income picture. Tell them: "A tax professional or fee-only financial planner can run the numbers both ways — this is exactly the kind of question they're trained to answer."

Q: Does CRDP/CRSC affect my Social Security?

A: No. Neither counts as "earned income" for the Social Security earnings test, and neither is treated differently by SSA. They show up on the federal return like other retirement income.

TALKING POINT — What to Actually Say in Class

Frame CRDP/CRSC as "**money you may already be entitled to that DFAS may not be paying you yet.**" Use the handout in this module (CRDP vs. CRSC Comparison Sheet) as the takeaway. Tell students to bring their most recent RAS to a VSO appointment and ask: "*Am I getting CRDP? Should I apply for CRSC?*" Those two questions, asked once, can be worth thousands a year.

Part 3 — VA Pension & the 36-Month Lookback

What VA Pension Is — And Isn't

VA **Pension** (the "Improved Pension" program) is a **needs-based** monthly benefit for wartime veterans with limited income and assets. It is *completely separate* from VA **disability compensation**. Compensation is for service-connected conditions and is not means-tested. Pension is for low-income wartime veterans, regardless of whether their conditions are service-connected.

Most of your students will not qualify for Pension — military retired pay alone usually puts income above the limit. But three groups in the room might:

- **Reservists / Guard** who served wartime active-duty days but never qualified for retired pay
- **Veterans whose retired pay is small** (early retirement, low rank, short service)
- **Surviving spouses** of wartime veterans (Survivors Pension, also called Death Pension)

KEY NUMBERS

Service requirement	90+ days active duty, 1+ day in a wartime period
Wartime periods (most relevant)	WWII, Korea, Vietnam, Gulf War (Aug 1990–present)
Age requirement	65+ or permanently disabled
2026 net worth limit (income + assets)	\$163,699
Lookback period for asset transfers	36 months (3 years)
Max penalty period	5 years
Net worth excludes	Primary home, vehicle, personal effects
Net worth includes	Other real estate, savings, investments, IRAs

The 36-Month Lookback — Why It Exists

Effective **October 18, 2018**, the VA implemented a 3-year lookback on asset transfers for Pension applicants. If a veteran (or their spouse) transferred assets for less than fair market value within 36 months of applying, those transfers can trigger a **penalty period** — months during which Pension is denied. The penalty is calculated by dividing the transferred amount by the maximum monthly Pension rate (with Aid & Attendance, currently around \$2,795 for a single veteran).

What counts as a transfer for less than fair market value: giving money to children, putting money into an irrevocable trust, buying an annuity that locks up principal, paying off someone else's debt — anything that moves the asset out of the veteran's countable net worth without receiving equivalent value in return.

DO NOT SAY — The Pension Restructuring Trap

Do not say: "You can give your money to your kids and qualify." This is exactly what **pension poaching** scams say. Since 2018, the VA can look back 36 months at any transfer and impose a penalty up to 5 years long. The veteran ends up with no Pension *and* no assets. Anyone who pitches an "asset restructuring strategy" for VA Pension — especially one involving annuities or trusts — should be reported.

Aid & Attendance — The Pension Add-On

Aid & Attendance (A&A) is an enhanced amount added to Pension for veterans (or surviving spouses) who need help with daily activities or are housebound. A&A is covered in depth in **Module 3**; mention it briefly here so students who don't qualify for base Pension but think they might qualify for A&A understand the connection: **A&A is an enhancement to Pension, not a separate benefit.** If they don't qualify for Pension, they don't get A&A.

IF A STUDENT ASKS...

Q: I served in Vietnam — do I qualify for VA Pension?

A: Maybe. They meet the wartime service requirement. They also need to be **65+ or permanently disabled**, AND have countable net worth (income + assets, excluding home and vehicle) below \$163,699 in 2026. If they have a military pension already, that pension counts as income and usually puts them over the limit. Tell them: **a VSO can run the numbers in 15 minutes.**

Q: My mother is a widow of a WWII veteran. Can she apply?

A: Yes — this is the **Survivors Pension** (formerly Death Pension), with similar income and asset limits. Many surviving spouses of older veterans don't know it exists. The same lookback rule applies. Refer her to a VSO — the DAV, VFW, and American Legion all have experience filing Survivors Pension claims.

Q: I gave my daughter \$50,000 last year to help her buy a house. Is that a problem?

A: If they apply for Pension within the next 36 months, yes — that gift counts as a transfer for less than fair market value and could trigger a penalty period. They should **not** try to fix this by "getting it back" without consulting a VA-accredited attorney. Refer them.

Part 4 — Veteran Benefit Scams: The \$584M Crisis

Why Veterans Are Specifically Targeted

In 2024, military-connected consumers reported losing **\$584 million** to fraud, with veterans and military retirees accounting for \$419 million of that total (FTC Consumer Sentinel Network). This is not accidental. Scammers target veterans for three specific reasons:

- **Guaranteed income.** Retired pay and VA compensation arrive every month, on schedule. Predators know exactly when checks hit and can size their pitches accordingly.
- **Cultural trust.** Older veterans grew up trusting institutions, and many still answer the phone with their full name. Scammers exploit this directly.
- **Information asymmetry.** Benefits are complicated; promises of "help" sound appealing. The complexity is the scam's cover.

KEY NUMBERS

2024 fraud losses, military-connected consumers	\$584 million
Of that, losses by veterans and military retirees	\$419 million
Veterans who report losing money to a scam (lifetime)	27%
Maximum legal fee to file an initial VA claim	\$0
VA OIG fraud hotline	1-800-488-8244
FTC fraud reporting	reportfraud.ftc.gov
Find an accredited VSO	va.gov/ogc/accreditation.asp

The Four Scams You Will Hear About in Class

1. Claim Sharks

Companies and individuals charging veterans **\$3,000–\$10,000+** to file or assist with VA claims. **This is illegal under federal law (38 U.S.C. § 5904).** Only VA-accredited attorneys, agents, and VSO representatives may charge for benefits assistance — and only on appeals after a denial, not initial claims. Free, accredited help is available from the DAV, VFW, American Legion, AMVETS, MOAA, and state VSOs. The script: **"Free is free. If they're charging, walk away."**

2. Pension Poaching

"Advisors" (often insurance agents posing as VA experts) restructure a veteran's assets — typically into a high-commission annuity or irrevocable trust — to qualify them for VA Pension. The advisor pockets a commission. The veteran ends up with assets they cannot access, may face the 36-month lookback penalty, and may not even be approved. Often combined with free-meal seminars at restaurants or churches.

3. VA Impersonation

Phone calls or emails claiming to be from the VA, demanding the veteran "verify" their Social Security number, "confirm" their direct deposit, or pay an "overpayment" by gift card. **The VA never calls demanding immediate payment, never asks for SSN over the phone to confirm an account, and never accepts gift cards.** Real VA contact comes by mail with a letter the veteran can verify by calling 1-800-827-1000.

4. Predatory Financial Products

After a veteran receives a large back-payment from a successful claim or appeal, they become a target for high-fee annuities, whole life insurance with low cash value, structured settlements, "veteran-friendly" investments, and crypto. The pitch is always the same: "You deserve this. Let me help you protect it." The protection costs 20x what an index fund or savings account would.

WATCH OUT — The IRA Rollover Pitch

When a veteran retires and starts getting calls offering to "help manage your TSP," the pitch is almost always a rollover into a high-fee broker IRA or annuity. TSP fees are about 0.05%; commercial alternatives charge 1–2% — **20 to 40 times more**. Over a 20-year retirement, that's six figures in lost wealth. Tell students: **If someone is pitching them an IRA rollover over the phone, they are being sold to, not advised.**

How Students Should Respond

Give your room a simple, repeatable script. They do not need to be polite to scammers. They need to be quick.

- **Hang up.** No one offering benefits help legitimately needs to keep them on the phone.
- **Verify the contact.** Call the VA at 1-800-827-1000 directly to ask if anyone there actually called them.
- **Verify the advisor.** Look up any "financial advisor" at brokercheck.finra.org before signing anything.
- **Find an accredited VSO.** va.gov/ogc/accreditation.asp lists every legitimate rep.
- **Report it.** VA OIG (1-800-488-8244), FTC (reportfraud.ftc.gov), and state attorney general's office.

IF A STUDENT ASKS...

Q: I already paid a company to file my claim. Can I get my money back?

A: Maybe. If the company isn't VA-accredited, the contract may be unenforceable, and the FTC and state AG can pursue refunds. Tell them to (1) **file a complaint with the FTC** at reportfraud.ftc.gov, (2) **file with the VA OIG** at 1-800-488-8244, and (3) **contact their state attorney general**. They should also see an accredited VSO to make sure their actual claim is on track.

Q: My friend at the VFW post said his guy got him a 100% rating. Can I use that guy?

A: Verify first. **Look up the rep at va.gov/ogc/accreditation.asp**. If they're an accredited VSO rep, they're legit and they're free. If they're a private "consultant," charging fees, they're operating outside the law. The friend got lucky — the next veteran who uses that guy may not.

Q: An insurance agent at my church is offering free benefits help. Should I go?

A: Be very cautious. Free seminars at churches, community centers, and senior living facilities are a classic pension-poaching delivery mechanism. The seminar itself may be educational, but the follow-up appointment is where the annuity gets sold. Tell them: go for the information, but never sign anything in the first meeting, and run the proposal past an accredited VSO.

FINAL TALKING POINT — The Sentence That Saves Money

Print this on the wall: "**Free is free. If they're charging me to file a VA claim, they're breaking the law.**" Have students say it out loud once. The class isn't a financial seminar — it's a vaccine. They're going to get pitched within a year of retiring. The single most valuable thing you do this week is teach them to recognize the pitch.

Part 5 — The Day Before Class

Your 20-Minute Prep Routine

You will teach this class in two hours. Here's a pre-class routine that fits in 20 minutes and makes the difference between "nervous" and "ready."

Step	Notes
1. Re-read Parts 1–4 of this guide	Skim; focus on the Key Numbers boxes. ~8 min
2. Open the presentation and click through all 12 slides	Remind yourself of slide order. ~5 min
3. Have va.gov , mypay.dfas.mil , and reportfraud.ftc.gov in browser tabs	Students will ask for URLs. Be ready.
4. Print backup copies of handouts	CRDP vs. CRSC Comparison + Scam Prevention Reference
5. Identify two local VSOs by name and phone	DAV, VFW, American Legion nearest to your lab
6. Practice the "free is free" line out loud	Students will repeat what you repeat
7. Have a backup story ready	Many will have personal scam experiences — let them speak

Authoritative Resources — Bookmark These

When a student asks a question you can't answer, don't guess. Go here. Keep these bookmarked in the classroom browser.

Topic	URL	What you'll find
VA Disability	va.gov/disability	Filing claims, secondary conditions, current rating tables, presumptive lists.
VA Pension	va.gov/pension	Eligibility, current income/asset limits, lookback rules.
Find an accredited VSO	va.gov/ogc/accreditation.asp	The only definitive list of who can legally help with claims.
DFAS (CRDP/CRSC)	dfas.mil/RetiredMilitary	How CRDP and CRSC are paid, election procedures, contact info.
Apply for CRSC	dfas.mil → CRSC	DD Form 2860 and branch-specific submission instructions.
PACT Act info	va.gov/pact	Presumptive conditions list and how to file under PACT.

VA OIG fraud hotline	1-800-488-8244	Report VA-related fraud, claim sharks, pension poaching.
FTC fraud reports	reportfraud.ftc.gov	Report any consumer scam targeting veterans.
FINRA BrokerCheck	brokercheck.finra.org	Verify any financial advisor before signing anything.

FINAL REMINDER — If You Only Remember One Thing

Your value to these veterans is not the rating decisions you can predict. It's that you sent them home knowing where to find an *accredited* VSO, what CRDP and CRSC are, and how to recognize a claim shark. Most of them have spent years not knowing. You changed that in two hours.