#### Department of Veterans Affairs M21-1, Part III, Subpart v

**Veterans Benefits Administration July 31, 2015**

**Washington, DC 20420**

#### Transmittal Sheet

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| Changes Included in This Revision | The table below describes the changes included in this revision of Veterans Benefits Manual M21-1, Part III, “General Claims Process,” Subpart v, “General Authorization Issues and Claimant Notification.”***Notes***: * Unless otherwise noted, the term “claims folder” refers to the official, numbered, Department of Veterans Affairs (VA) repository – whether paper or electronic – for all documentation relating to claims that a Veteran and/or his/her survivors(s) file with VA.
* Minor editorial changes have also been made to:
* remove references to rescinded portions of M21-1
* replace instructions pertaining to the use of the Benefits Delivery Network (BDN) with instructions for using the current claims-processing systems
* update incorrect or obsolete hyperlink references
* update the term “veteran” to “Veteran”
* update or delete obsolete terminology, where appropriate, to include terminology unique to BDN
* renumber each topic based on the standard that the first topic in each section is Topic 1
* reassign alphabetical designations to individual blocks to account for new and/or deleted blocks within a topic
* update section and topic titles to more accurately reflect their content
* clarify block labels and/or block text, and
* bring the documents into conformance with M21-1 standards.
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| Reason(s) for the Change | Citation |
| To add a note that explains the importance of the retired pay indicator in the corporate record. | M21-1, Part III, Subpart v, Chapter 5, Section B, Topic 1, Block a (III.v.5.B.1.a) |
| To add a new Block b containing instructions for activating the retired pay indicator in the corporate record. | III.v.5.B.1.b |
| To add a new Block c containing instructions for withholding benefits to prevent concurrent payment and a hyperlink to the Retired Pay Withholding Calculator. | III.v.5.B.1.c |
| To add detailed instructions for removing the retired pay indicator from the corporate record. | III.v.5.B.1.d |
| To remove branch of service code instructions that applied to BDN. | III.v.5.B.1.e |
| * To remove the requirement that the award be under payee code 00.
* To remove the outdated requirement to send a letter to the appropriate retired pay center (RPC) when there are more than three award lines in an award adjustment.
 | III.v.5.B.1.f |
| To remove the note indicating that military retired pay that is based on disability is not taxable. (In reality, disability retired pay ***is*** taxable unless* the Veteran was in the military or under a contractable obligation to join the military on 09/14/1975, or
* the disability on which retired pay is based is combat-related.)
 | III.v.5.B.1.g and h |
| To remove instructions that apply only to award adjustments processed in BDN. | III.v.5.B.2.a |
| To update instructions for determining the deadline for authorizing awards that increase a Veteran’s compensation effective the first day of the current month, based on a corresponding reduction in the Veteran’s military retired pay. | III.v.5.B.2.b |
| To provide instructions for obtaining the information/documentation RPCs automatically provide when a Veteran’s compensation exceeds his/her monthly rate of retired pay. | III.v.5.B.2.c |
| To remove the outdated requirement to send a letter to the appropriate RPC when there are more than three award lines in an award adjustment. | III.v.5.B.2.e |
| To reorganize the instructions into an If/Then table. | III.v.5.B.4.c |
| To delete reference to specific forms by which VA is notified of a Veteran’s hospitalization, as VA no longer uses one of the forms (*VA Form 21-8358 Notice to Veterans Administration of Admission to Uniformed Services Hospital*). | III.v.5.B.4.d |
| To add a note stating that the type of award discussed in III.v.5.B.4.e is subject to a withholding for the military retired pay the Veteran received from the effective date of the award. | III.v.5.B.4.e |
| * To add reference to claims folders that are entirely paperless.
* To update instructions for soliciting a claim for compensation or pension, now that each claim for these benefits must be filed on a prescribed form.
 | III.v.5.B.5.c |
| * To reorganize the instructions into a Step/Action table.
* To remove outdated BDN instructions.
* To add references.
 | III.v.5.B.5.d |
| To replace “service department” with “RPC.” | III.v.5.B.6.a |
| * To replace “service department” with “RPC.”
* To correct erroneous instructions for notifying an RPC after reducing a Veteran’s Old Law Pension under the provisions of 38 CFR 3.551(b).
 | III.v.5.B.6.b |

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| Rescissions | None |

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| Authority | By Direction of the Under Secretary for Benefits |

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| Signature | Thomas J. Murphy, DirectorCompensation Service |

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