Income Replacement Benefit

Issue

The Income Replacement Benefit (IRB) provides income support to Veterans participating in the Rehabilitation Services and Vocational Assistance Program (RSVP) that addresses their barriers to re-establishment in life after service due to health problem(s) resulting primarily from service. Participation in the RSVP is required unless the Veteran is determined to have a diminished earnings capacity (DEC).

Context

IRB came into effect on April 1, 2019 and consolidated previous financial benefits into one. Veterans who were in receipt of financial benefits prior to the transition to the IRB had the amount of their previous benefit protected to ensure that they would not receive less.

The IRB is a taxable monthly benefit that ensures a Veteran's total income while participating in the Rehabilitation Program (up to their 65th birthday) will be at least 90 percent of their adjusted gross pre-release military salary (less income sources). It allows Veterans to earn up to $20,000 per year from employment without affecting their benefit amount. Any employment and self-employment income above $20,000 will then be offset dollar-for-dollar.

Veterans determined to have a DEC prior to age 65 may continue to receive the benefit for life as long as they remain eligible and continue to meet the criteria for a diminished earnings capacity determination. Their benefit also includes recognition for loss of career progression – their adjusted monthly military salary is increased by 1% for each year of lost service, and continues to be added to the earlier of 20 years of service or to the age of 60. After a Veteran reaches the age of 65, which is considered retirement age, the benefit will reduce to 70 percent of the pre-65 benefit amount payable (less incomes sources).

Key Data

As of September 30, 2024, there are approximately 30,939* IRB clients.

Veterans: 30,080

Survivors/Orphans: 859

*These statistics are based on an extract of recent recipient data but have not been verified.