



# Special Rate Disability Pension (SRDP)

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# Topics

What the VETS Act does

Grandparenting and what it means for veterans

What happens from 1 July 2026?

What is the threshold test?

What is the SRDP

SRDP eligibility

What happens when a veteran is SRDP eligible?

SRDP Offsets

Comparison of SRDP to the Special Rate of DCP



# What the VETS Act does

From 1 July 2026, the VEA and the DRCA will be closed to new claims.

All new claims for compensation & rehabilitation, regardless of when a veteran served, or when their injuries or diseases occurred, will be determined under an improved MRCA.

Existing payments under the VEA and DRCA, except DRCA incapacity payments, will be grand-parented. This means they will continue uninterrupted and be indexed as normal.

Existing treatment arrangements for card holders will not change.

Veterans receiving DRCA incapacity payments will automatically transition to the more generous MRCA incapacity payments from 1 July 2026.

DRCA veterans may, for the first time, be eligible for treatment for any injury or disease via the Gold Card. They will also be eligible for SRDP under the MRCA

# Grandparenting and what it means for veterans

The VETS Act will facilitate veterans' eligibility for a range of benefits available under the improved MRCA, even if their service was covered by the VEA or the DRCA prior to the commencement of the VETS Act on 1 July 2026.

Payments being received under the VEA and DRCA prior to 1 July 2026 will be grandparented, which means they will continue uninterrupted.

This includes all Disability Compensation Payments (including the Special Rate (TPI)).

Income support payments such as the Veteran Payment, Service Pension, Partner Service Pension and Income Support Supplement.

The one exception is for veterans in receipt of incapacity payments under the DRCA, who will have those payments automatically transitioned into the more beneficial MRCA system from 1 July 2026.



# What happens from 1 July 2026?

From 1 July 2026, those covered under the DRCA and VEA may qualify for the Special Rate Disability Pension (SRDP) under the MRCA, subject to meeting the eligibility criteria.

Threshold test does not apply.

Those in receipt of the Special Rate of DCP may also be eligible for the SRDP.



# What is the threshold test?

Current DRCA and VEA veterans will require acceptance of a new claim for initial liability under the MRCA from 1 July 2026 or a worsening in their impairment by at least five impairment points **in addition to meeting the normal eligibility criteria under the MRCA** as a trigger for eligibility for certain ancillary benefits.



Require the additional threshold test to be met:

Additional compensation payment under section 80

Veteran Gold Card at 60 impairment points



Does not require the additional threshold test to be met:

SRDP eligibility, including Veteran Gold Card (with “TPI” embossing)

ADA eligibility, including Veteran Gold Card (with “EDA” embossing)

MRCA incapacity payments

MRCAETS (education scheme) for eligible dependants

# What is the Special Rate Disability Pension?



Special Rate Disability Pensions (SRDP) is a tax-free payment that can be made to a veteran in lieu of incapacity payments, whose capacity for work has been severely restricted because of conditions due to military service.



If a veteran becomes eligible, they will be offered the choice to receive the payment and have 12 months from the date of the offer to decide.



They will be provided with reimbursement up to a maximum amount to obtain financial advice to help with this choice.

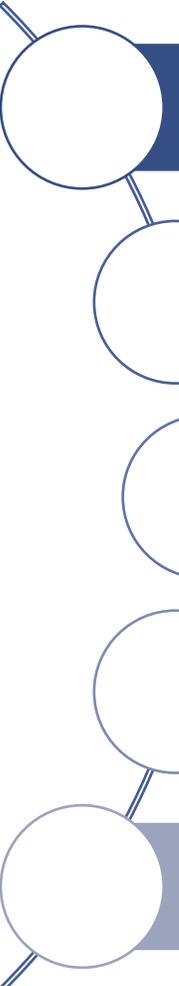


The choice to receive the SRDP is irrevocable.



SRDP payment is not treated as income for either DVA or Services Australia income support purposes

# SRDP eligibility



in receipt of incapacity payments under the MRCA or have had their payments reduced to nil because of commonwealth superannuation offsetting or because they received a lump sum amount of incapacity payments; and

have suffered an impairment, which is likely to continue indefinitely; and

are assessed with 50 or more impairment points under the MRCA; and

are unable to work more than 10 hours per week; and

rehabilitation is unlikely to increase their ability to work.

# What happens when a veteran is SRDP eligible?

They receive immediate access to:

'TPI' embossed Veteran Gold Card

Eligible dependants have access to education assistance

Eligible dependants receive access to compensation following the death of the veteran, regardless of the cause of death.

Be sent an offer to choose the SRDP payment and have 12 months to make the choice.

Access to financial advice reimbursement to assist with making the choice up to a maximum amount.

# SRDP Offsets

**Dollar for dollar**

by any the amount of **Disability Compensation Payment (DCP)** under the VEA received, and by **Permanent Impairment (PI)** compensation paid under the **DRCA and MRCA** – whether weekly or lump sum payments.

**60 cents in the dollar**

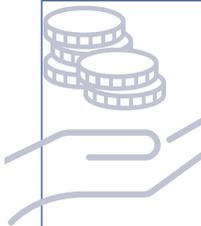
of the **Commonwealth-funded component** of any superannuation benefit (lump sum or periodic payment) received as a result of retirement.

**SRDP reduction amount for Income Support payments:**

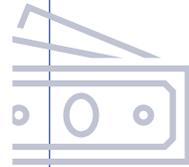
The portion of superannuation used to reduce the SRDP amount, but not below zero (after other offsets like MRCA PI and VEA DCP).

This amount is not used in the means test for income support payments.

# SRDP offsets example - Robert



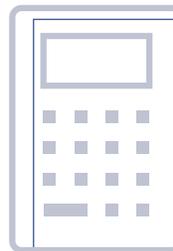
Robert is on a Commonwealth-funded superannuation pension of \$600 per week with accepted service-related conditions across the MRCA and VEA.



Robert is currently on 50% DCP and has received \$155,000 in MRCA PI payments. The weekly rate of his MRCA PI at the time of converting was \$200 per week.



The maximum rate of SRDP is \$919.70 (as at 20 September 2025).



Robert's weekly SRDP amount would be \$200.12.

## SRDP reduction amount for Income Support payments:

For Robert, this is the full 60% of his superannuation pension, \$360

This amount is used in the formula contained in the VEA or SSA to determine the SRDP reduction amount:

$$\$360 \times (10/6) = \$600 \text{ per fortnight}$$

<b>Maximum weekly SRDP</b>	<b>\$919.70</b>
<i>minus</i> 50% DCP	\$159.58
<i>minus</i> MRCA PI weekly equivalent	\$200
<i>minus</i> Commonwealth superannuation	\$360 (\$600 @60%)
=	<b>\$200.12</b>



# Comparison of SRDP to the Special Rate of DCP

	SRDP	Special Rate (TPI)
Impairment threshold	<b>50 impairment points</b> , however this can be made up of a combination of MRCA, DRCA and VEA conditions.	<b>70% incapacity</b> due to VEA conditions.
Maximum hours of weekly remunerative work	<b>10 hours</b> per week.	<b>8 hours</b> per week.
Rehabilitation capacity considered	<b>Yes</b> , part of the eligibility criteria is whether rehabilitation can increase the veterans capacity for work.	<b>No</b> , eligibility is not dependent on undertaking rehabilitation.
Ceased work and unable to continue work solely due to accepted conditions (alone and prevented test)	<b>No</b> , the SRDP criteria does not require a veteran to have ceased work or be prevented from continuing or returning to work due to their MRCA conditions alone.	<b>Yes</b> , the veteran must have ceased work and be prevented from continuing in work due to VEA accepted conditions alone.
Age limit	<b>Yes</b> , the choice to receive the SRDP cannot be made once a veteran reaches age pension age. They must be SRDP eligible on the date they make the choice to receive it.	<b>No</b> , a veteran over 65 can apply however, they must satisfy additional eligibility criteria including that they worked for 10 continuous years starting before 65 and ceasing after.
Choice to receive the payment	<b>Yes</b> , once eligible, the veteran has the choice to receive the payment. This means that they can choose the compensation that best meets their circumstances; either incapacity payments or the SRDP payment.	<b>No</b> , once eligible, the veteran will receive the payment automatically and there is no alternative payment.

# Time to test your learning



# Quiz Question 1



After a veteran is determined SRDP eligible, how long do they have to make an election to receive the SRDP payment?

a) 3 months

b) 6 months

c) 12 months

# Quiz Question 2



How many MRCA Permanent Impairment points are required before SRDP eligibility can be considered?

a) 40 points

b) 50 points

c) 60 points

# Quiz Question 3



A veteran determined as SRDP eligible can work up to \_\_\_ hours per week?

a) 0

b) 8

c) 10



# Quiz Question 4

True or False. SRDP has an alone test meaning only conditions accepted under the MRCA must be incapacitating the veteran to be eligible for SRDP?

True

False



# Quiz Question 5

True or False. SRDP is a taxable payment whereas VEA Special Rate is non-taxable?

True

False

# Resources:

- CLIK link to [Ch 13 Special Rate Disability Pension](#)
- DVA Website link to [Special Rate Disability Pension](#)
- DVA Website link to [The VETS Act – what it is and what it will do](#)

