

AAFMAA

Advantage

THE ARMY AND AIR FORCE MUTUAL AID ASSOCIATION NEWSLETTER

SUMMER 2011

AAFMAA's Level Term II Beats VGLI

AAFMAA's Level Term II policy—a great alternative to Veterans Group Life Insurance (VGLI). Premiums are significantly less, especially the older the insured.

Example:

\$400,000 of Coverage		
20 years of Coverage Starting at Age 45		Savings with AAFMAA
VGLI*	AAFMAA Level Term II**	
\$55,920	\$9,840	\$46,080

*VGLI cost calculated using the monthly premiums, effective 1 July 2008.
**AAFMAA cost Based upon Male, Super Select non-nicotine rates. Rates may be higher after medical underwriting.

LEVEL TERM II:

- Level premium and level death benefit for the life of the policy.
- You pick the term – 5 to 30 years
- You pick the coverage - \$50,000 to \$800,000

10 YEAR Level Term II, non-nicotine user, Super Select monthly rates

Issue Age	Coverage Amount					
	\$100,000		\$250,000		\$500,000	
	Male	Female	Male	Female	Male	Female
45	\$8.90	\$8.90	\$14.75	\$14.75	\$24.50	\$24.50
50	\$11.00	\$10.90	\$20.00	\$19.75	\$35.00	\$34.50
55	\$18.00	\$14.40	\$37.50	\$28.50	\$70.00	\$52.00
60	\$25.80	\$19.20	\$57.00	\$40.50	\$109.00	\$76.00

Rates reward good health. Rates may be higher after medical underwriting.



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COORDINATOR NOW
FOR PERSONALIZED,
NO OBLIGATION QUOTES

1-877-398-2263



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Contest Winner

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Easy and convenient.

AAFMAA Contacts

General

Toll-free phone: 1-800-522-5221
 Local phone: 703-707-4600
 Headquarters: AAFMAA
 102 Sheridan Avenue
 Fort Myer, VA 22211-1110
 E-mail: info@aafmaa.com
 Fax: 703-522-1336
 Death Notification: 1-800-522-5221

AAFMAA *Life Insurance*

Insurance Sales

Hours of Operation: Monday through Friday,
 8:30 a.m. – 7:00 p.m. ET
 Sales Direct
 toll-free phone: 1-877-398-2263
 E-mail: membership@aafmaa.com
 Fax: 1-888-210-8201 (toll-free)

Application Processing

Hours of Operation: Monday through Friday,
 8:30 a.m. – 4:30 p.m. ET
 E-mail: applications@aafmaa.com

Policy Services (payments, policy loans, beneficiary changes, LTCSD)

Direct toll-free phone: 1-800-336-4538
 Hours of Operation: Monday through Friday,
 8:30 a.m. – 4:30 p.m. ET
 E-mail: policyservices@aafmaa.com

AAFMAA *Financial Advisors*

(death claim processing, vault documents, VA
 representation, benefits counseling, Family
 Information Report (FIR))

Hours of Operation: Monday through Friday,
 8:30 a.m. – 5:30 p.m. ET
 E-mail: MemberServices@
 aafmaaFinancial.com
 Address: 1850 Old Reston Avenue
 Reston, VA 20190



Message To Members

Walter R. Lincoln, CFP®
 MAJ, USA, Retired
 President and Treasurer

This edition of the *AAFMAA Advantage* newsletter includes the minutes of the 132nd Annual Meeting. Each year members gather to review the accomplishments and challenges of the past year. Please read the minutes for a complete review.

As our Association continues to grow, communication with an ever more mobile and ever larger membership has spurred us to use newer technology but always retaining the opportunity for members to write a letter and get a reply from a human, or to pick up the phone and speak to a helpful staff member in person. Some members prefer using e-mail, Twitter or Facebook...AAFMAA supports them all.

What does this mean to members? More ways to communicate in ways that are convenient to members. For example, expanded capabilities in the on-line AAFMAA Member Center now allow members to update personal data and contact information on a real time basis from anywhere around the world. If you haven't already done so, please register in the Member Center at www.connect.aafmaa.com. Keeping up with your policy information and maintaining up to date contact information allows the staff to better serve you, and at lower

cost. Further, members and policy owners can now make premium payments and loan payments on-line. Obviously, your privacy is always protected through secure, on-line transactions.

We continue to invest in automation that allows members to access information and services in ways that **you** prefer. We're now in the process of digitizing vault files. As always, protecting privacy is paramount. For those members with a vault file, we are gradually, systematically, and carefully digitizing your documents so that you can retrieve them on-line at any time, from anywhere in the world. Each month more and more members are notified of this expanded access. We will still retain the hard copies in one of the two vaults so that members can choose to access vault files on-line or through your dedicated staff. Putting the power and convenience of actions in the members' hands continues as a hallmark of AAFMAA.

AAFMAA continues to evolve. Membership, life insurance and services continue to grow. Offerings continue to expand. We look forward to another 132 years of service to all military members and their families. Thank you again for your trust and your membership in AAFMAA...AND, be sure to spread the word to other potential members.

Respectfully,

Walter R. Lincoln

Walter R. Lincoln, CFP®
 President and Treasurer

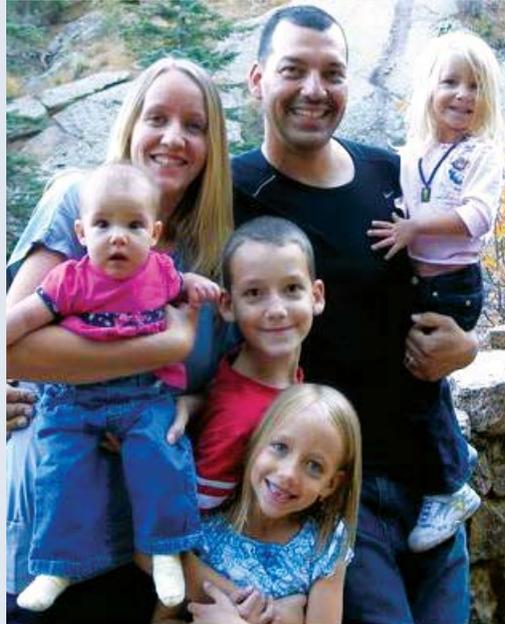
Find us on **facebook**
 and follow us on
twitter



AAFMAA's #1 Mom Contest Winner— SSG Albert Moreno

Among the many compelling entries in AAFMAA's online #1 Mom contest (hosted on Facebook), SSG Albert Moreno's stood out and earned top prize!

Here is an excerpt from his submission about wife Kathleen, "World's Sweetest Mom." *"She teaches the kids lessons on how to have character and be kind to others. Most people say they are the best kids they ever met. They love to share, clean up and help others. I think they are taking after her. She also loves teaching other women to become better mothers, wives and even cooks. She has cried with many wives and helped save numerous marriages. She is constantly looking for ways to help others."*



"She also loves teaching other women to become better mothers, wives... She is constantly looking for ways to help others."

Read the full story at

www.facebook.com/AAFMAA,

Notes page. See the video of all the contestants on YouTube. Check it out!

AAFMAA Partners

We're so pleased to be in partnerships with such great groups! Check them out!

Air Force Aid Society | www.afas.org

Armed Forces Bank | www.afbank.com

Army Emergency Relief | www.aerhq.org

Coast Guard Mutual Assistance |
www.cgmahq.org

Disabled American Veterans |
www.dav.org

AAFMAA On the Road

AAFMAA is going to be exhibiting at the following four conventions. Please stop by and see us!



EANGUS 40TH ANNUAL CONFERENCE

August 14 – 17, Charleston WV

NGAUS 133RD GENERAL CONFERENCE

August 27 – 29, Milwaukee WI

AFA AIR & SPACE CONFERENCE AND TECHNOLOGY EXPO

September 19 – 21, National Harbor MD

AUSA 2011 ANNUAL MEETING & EXPO

October 10 – 12, Washington DC



Minutes from the 2011 Annual Meeting

14 JUNE 2011 [The Annual Meeting convened at 1200 hours, 14 June 2011, at the Army Navy Country Club, Arlington, VA.]

LTG Donald M. Babers, Ret, Chairman of the Board of Directors, called the 132nd Annual Meeting to order and welcomed everyone. LTG Babers then recognized 2 members in attendance. COL Norman Gray was both the longest tenured member in attendance, with over 63 years of loyal membership, and the oldest member in attendance at 96 years old. CPT David Polonitza was the youngest member in attendance. LTC Tom Hargis, Ret., AAFMAA Secretary and Controller, presented thank you gifts to each of them.

Last year's meeting was on 8 June 2010. The minutes were published and distributed to all members. A motion to waive the reading of the minutes was moved, seconded and the minutes were approved unanimously.

LTG Babers addressed the membership and reported on another outstanding year for AAFMAA. Over the past decade AAFMAA's growth has been unmatched in the 132 year history of the Association. In 2010, membership, insurance in force and policies in force all reached record highs, demonstrating AAFMAA's strength and continued growth. AAFMAA always focuses on providing the lowest cost life insurance possible and outstanding services to members and their survivors. To reinforce the ability to provide these services, on 1 July 2010, AAFMAA Financial Advisors opened its doors and started performing these valued services. This has been a tremendous success. By providing AAFMAA's hallmark services, it strengthens the relationships built with members over the years and provide unique survivor services when the member dies.

AAFMAA is thriving thanks to a loyal

membership, great insurance products, and outstanding services. LTG Babers remarked that he has been honored to serve as a Board Member since December 1992 and as Chairman since December 2006. Soldiers, airmen and their families rely on AAFMAA for life insurance coverage and unparalleled Survivor Assistance Services. The Board is committed to making AAFMAA a success and importantly, taking care of military members and survivors. LTG Babers then thanked the dedicated staff for all their work and turned the meeting over to MAJ Walt Lincoln, Ret., President and Treasurer, for his remarks, which follow.

Thank you Mr. Chairman. 2010 was another record year. All metrics ended the year at all time highs.

Some highlights:

- Insurance in force \$22.8 Billion, an 8.2% increase from 2009,
- Policies in force increased to a new record of 119,517,
- Total lives insured reached an all-time high of 96,956, and
- Significantly, NET members grew by 2,575, a 3% increase to 87,317.

This all time high in members is especially noteworthy since it demonstrates the relevance of our Association to a new generation of airmen and soldiers. In 2010, our membership grew at an average of 214 new members per month. Our Association is attracting more and more active duty new members, now accounting for 46% of the membership.

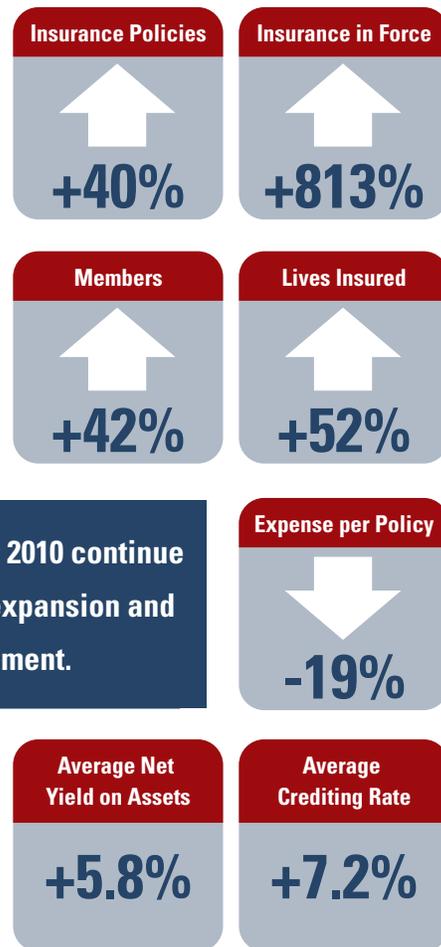
Assets, on an admitted value basis, total \$952 Million. The year-end market value of those assets was \$996 Million. Please note that our Net Yield on Assets last year was a positive

4.9%. This return allowed the directors to approve the crediting rate of 7% for cash values of Value Added Whole Life policies for 2011. Recall that, generally, as your cash value grows, your death benefit grows.

We have no debt, no subprime mortgages, no derivatives, no credit default swaps, no hedge funds, no private equity funds, and no securities lending.

These results for 2010 continue a long trend of expansion and improvement. Just a few metrics, all from 2000 through 2010 and adjusted for inflation where appropriate, illustrate the long term success of the AAFMAA plan.

More details are available in the annual report which has been distributed to all members and is included in this report by reference.



AAFMAA *Life Insurance*

On the cover of the annual report you will note words which guide AAFMAA. Words like: **COMMITMENT... COMPASSION**. To some, words mean little. To AAFMAA they reflect the essence of who we are and what we do for members and their survivors. Every day, Jim Malley, Chief Operating Officer of AAFMAA Financial Advisors, and his services team assist survivors of members to ensure that the survivor receives 100% of their immediate entitlements, and then continues that assistance for the rest of the survivor's life, at no additional charge. Also, through the generous support of Army Emergency Relief, Air Force Aid Society, and Coast Guard Mutual Assistance we now can provide Survivor Assistance Services for every active duty death in the Army, Air Force and Coast Guard. We've been able to provide these unique Survivor Assistance Services to over 125 widows of service members killed on active duty. Jim and his team are COMMITTED to a COMPASSIONATE handling of every death. Jim, would you please stand?

Other words like: **SERVICE...FRIENDLY**. Through a nationwide partnership with the Disabled American Veterans (DAV) we now provide claims assistance so members can receive all their VA benefits. Our partnership with the DAV has expanded VA claims support to over 250 National Service Officers in 110 offices around the country. Sarah Bumgardner spearheads the VA effort for AAFMAA. A few examples:

- A 100% disabled member indicated his VA disability amount on his Family Information Record. When reviewing it, the AAFMAA team questioned the accuracy, called the member, and by coordinating through the DAV obtained the correct benefit amount, a \$150 per month increase.
- A widow needed assistance. She spoke only limited English. Again, Sarah arranged support through our partnership with DAV, and obtained German documentation substantiat-

ing the deceased member's service-connected disability. This has resulted in a retroactive claim for over \$76,000.

- A member exposed to Agent Orange could not get VA acknowledgment. But with assistance from Sarah and the DAV he has been rated 100% permanently and totally disabled with a \$3,143 monthly benefit.
- Another member, tragically stricken with Parkinson's disease, was unable to sift through the disability claims paperwork due to his condition. Sarah prepared the paperwork for him. Again, working with the DAV, she obtained \$27,594 of retroactive disability compensation, plus an additional \$1,835 per month in disability compensation.

Sarah, with many thanks on behalf of all those you and the DAV help, would you please stand?

LONGEVITY...CONTINUITY. Maggie Wilson, our Chief Financial Advisor, is retiring this September...after 36 years! She rose from part time switchboard operator, to full time employee, to college graduate, to CPA, to Manager of the Financial Management Department, and now will retire as one of Senior Management. But, if you think 36 years is a long time, Gail Eiben is completing her 40th year of service. Gail has already eclipsed her former supervisor who retired with 35 years of service and promises to beat the longest serving staff member who had 55 years of service...Go Gail. Maggie and Gail would you please stand?

This concept of LONGEVITY and CONTINUITY also permeates our valued advisors. John Hagner, our General Counsel, and partner of the law firm Womble, Carlyle, Sandridge and Rice has served our Association for over 35 years. Now John just remember, retirement age doesn't apply to advisors! John would you please stand?

Last year we were in the midst of the Gulf oil spill. British Petroleum

(BP) was under the gun. I used that situation as an example of how we follow a disciplined relative value investment approach. We saw relative value in the assets of BP while others were responding emotionally to the disaster. At that time, not knowing the outcome, I reported that we had bought \$2 Million of BP bonds. The price declined...we bought another \$1 Million. In December we sold all \$3 Million. Including interest and capital gains, our annualized rate of return was 30%. Now, we're not perfect but over the years our very disciplined but opportunistic relative value investment approach has weathered all storms and generated great returns for the members. Gary Aiken and Matt Watson demonstrate DECISIVE and DISCIPLINED capabilities in managing member funds. Gary and Matt would you please stand?

Another word: **INNOVATION**. MetroStar Systems is our technology partner. By implementing automation we have been able to control costs and expand services to members. Always preserving absolute security of private information, we have begun digitizing vault documents. After a beta test of selected members, just last week we launched the Digital Vault. This allows members worldwide access to their vault file directly from their home computer. No delay in delivery time; no cost in copying and mailing; no labor in getting documents from the vault. Faster, better service for the members at lower costs. We will gradually role out Digital Vault access to more and more members as vault files are digitized.

In one of the examples of how we helped a member obtain VA disability entitlements, I referred to the staff seeing an anomaly on his Family Information Record, or FIR. The FIR can be an invaluable tool for the team to better serve members. The more up-to-date, the better. Therefore, we're in the process and will be launching

Know Your Settlement Options

You don't buy life insurance for yourself; you buy it for your family. As important as the coverage is, so are the settlement options. AAFMAA offers four settlement options (minimum \$10,000 death benefit for A, B and C):

A Life Annuity

- Fixed monthly payment for life.
- Amount is gender and age dependent—the younger the beneficiary, the smaller the monthly amount.
- Guaranteed minimum interest rate (currently 4%).
- Payments stop upon the beneficiary's death.
- Not available for a Trust.
- Once selected, this Settlement Option cannot be changed.

B Life Annuity, 10 Years Certain

- Lifetime of monthly payments with a minimum of 120 payments (10 years).
- Amount is gender and age dependent—the younger the beneficiary, the smaller the monthly amount.
- Guaranteed minimum interest rate (currently 4%).
- If beneficiary dies before 120 payments are made, the remainder will be paid to the estate of the beneficiary, unless otherwise specified.
 - Not available for a Trust.
 - Once selected, this Settlement Option cannot be changed.

- Upon beneficiary's death, remaining death claim is paid to the estate of the beneficiary, unless otherwise specified.
- Beneficiary may select another Settlement Option including lump sum, at any time.

D Lump Sum

- Entire proceeds can be paid in one lump sum.
- Beneficiary is then responsible for investing the assets.
- Alternatively, the beneficiary may elect to take a partial lump sum payment and choose one the above options on the remainder, provided remainder is \$10,000 or more.
- Full amount of the death benefit can be returned for any option A, B, C, or D provided that:
 - > The check(s) are returned to AAFMAA within six (6) months of issue date, AND
 - > Check(s) have not been cashed.

C Interest Only

- Entire proceeds are left with AAFMAA.
- Monthly payment based upon a guaranteed annual interest yield of 4%.
- Can withdraw funds up to twice per year, \$5,000 minimum withdrawal

You can select any of these options for your beneficiaries while you still have your policy in force. This may offer them some guidance on what you think is the best way for them to receive the funds. All options will be explained to the beneficiary at the time of death so they can make the best possible decision.



For more information about AAFMAA's great Settlement Options, please call our Beneficiary Assistance Team—1-800-522-5221; press 1 for insurance, then 4 for beneficiary assistance.



Homestead Tax Relief— Virginia Residents

If you are a Virginia Resident with a Department of Veterans Affairs rating of **100% Service-Connected, Permanently and Totally Disabled**, you may be eligible for an exemption for real estate taxes on your principal residence.

The Virginia General Assembly recently approved an exemption from local real

estate taxes including the joint real property of a husband and wife, of any veteran who has been rated by the Department of Veterans Affairs to have a 100% service-connected, permanent, total disability, and who occupies the property as his or her principal residence. The exemption is retroactive to 1 January 2011 and also extends to the

surviving spouse, if the permanently and totally disabled veteran's death occurred on or after 1 January 2011. The veteran's surviving spouse can continue to claim the exemption so long as he or she does not remarry and continues to occupy the home as his or her principal residence.

To obtain an application or find out more information contact your local county clerk office. Documentation from the Department of Veterans Affairs stating that the veteran is 100% permanently and totally disabled must be submitted in order to qualify.

You must apply for this benefit through the local county office where the property is located. It must also be the principal residence of the Veteran. The exemption is effective beginning on and after 1 January 2011. Taxes assessed for years prior to this date are not eligible for exemption.

If you live outside of Virginia, you can check with your local government to see if this type of tax relief is available in your state.

2011 Annual Meeting

CONTINUED FROM PAGE 5

an automated FIR so that FIRs can be updated by the member directly. INNOVATIVE solutions provided by MetroStar Systems. Amarish Pathak, our CIO, will you please stand?

I've mentioned many names and many words. Words that guide AAFMAA and reflect our values. Words that define our **DEDICATED** staff. Their dedication and outstanding performance lead to the **LOYALTY** and **TRUST** of the members. Dedicated staff; loyal members.

Mr. Chairman, on behalf of all the staff and management it is my honor to

submit their great results for approval. Thank you.

A motion to approve the report of the President and Treasurer was moved, seconded and approved unanimously.

The next order of business was to receive the report on the election and re-election of directors. LTC Hargis, the Secretary and Controller of the Association, presented the results of the Nominating Committee and proxy balloting. The Nominating Committee consisted of the following members: COL Duane G. Ingalsbe, USA, Ret., Chairman; Col Jerry M. Bergstresser,

USAF, Ret., and MSG Stephen F. Comer, USA, Ret. LTC Hargis thanked the committee for their time and effort. The committee nominated General John A. Shaud, USAF, Ret. and Colonel James P. Gerstenlauer, USA, Ret. to serve a third term. Proxies were received, duly counted and certified by an independent proxy service. All nominees were approved and their terms will continue until the Annual Meeting in 2015. A motion to close the nominations and elect the nominees was moved, seconded and the nominees were elected.

Since there was no new business to be brought before the meeting, a motion to adjourn was moved, seconded and the meeting adjourned at 1235 hours.



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