

AAFMMA

COMPASSION • TRUST • PROTECTION

2015 Annual Report



Experience the Difference

AAFMAA Board of Directors

Executive Committee



Donald M. Babers
*LTG, USA, Retired
Chairman of the Board*



Jack N. Merritt
*GEN, USA, Retired
Vice Chairman of the Board; Chairman,
Finance Committee*



William J. Lennox, Jr.
*LTG, USA, Retired
Chairman, Membership
Committee*



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

Finance Committee



Mack C. Hill
BG, USA, Retired



Dennis D. Porter
COL, USA, Retired



John T. Ridge
CMSgt, USAF, Retired



William M. Matz, Jr.
MG, USA, Retired

Membership Committee



Joseph E. DeFrancisco
LTG, USA, Retired



George L. Horvath, III
CSM, USA, Retired



Lewis E. Monroe, III
CMSgt, USAF, Retired



**Wilson A. (Bud)
Shatzer, Jr.**
COL, USA, Retired



Jonathan D. George
Brig Gen, USAF, Retired



Janice M. Hamby
RADM, USN, Retired



Robin H. Boudiette, Jr.
CW3, USA, Retired

Directors shown in order of tenure as of 31 December 2015.

Senior Management

Walter R. Lincoln, CFP®
President and Treasurer

Tiana Fallavollita
Assistant to the President

Michael J. Meese, Ph.D., FLMI
Chief Operating Officer and Secretary

Charles B. Betancourt, CCIM
*Chief Operating Officer,
AAFMAA Property LLC*

James M. Malley, CPA
*Executive Vice President and Chief
Operating Officer, AAFMAA Member &
Survivor Benefits LLC*

Richard J. Convy, CPA, CFA
*President, AAFMAA Wealth
Management & Trust LLC*

Carlos Perez
Assistant Secretary

Kevin A. Kincaid
Chief Marketing Officer

**OUR
MISSION**

To be the premier provider of insurance, financial and survivor services to the American Armed Forces Community.

Message to Members

FROM THE CHAIRMAN

Dear Fellow Members,

THANKS TO A LOYAL MEMBERSHIP, a dedicated Board and a talented staff, AAFMAA continues to successfully complete the plan for **“AAFMAA 2020.”** By offering a full complement of insurance policies, customized financial services and exclusive Survivor Assistance Services, AAFMAA empowers members of the military community to achieve financial independence. The outstanding results of 2015 are a testament to this grand vision.

Donald M. Babers

*Lieutenant General, USA, Retired
Chairman, Board of Directors*



- From Term policies to Value-Added Whole Life, AAFMAA offers insurance protection to meet members' needs at every stage of life. In 2015, insurance in force reached an all-time high of \$25.66 billion!
- To help you plan for your financial future, grow your wealth and protect it for generations, AAFMAA Wealth Management & Trust LLC (AWM&T) provides financial planning, investment management and trust services. With the fiduciary responsibility to put your needs first, members trust AWM&T for professional investment management.
- Hand-in-hand with financial protection, our commitment to care for your survivors continues as our hallmark service. AAFMAA's unique Survivor Assistance Services truly set us apart. Our professional staff provides counsel and assistance to over 14,000 survivors, ensuring they receive every benefit to which they are entitled.
- On the investment side, AAFMAA's disciplined approach generated another year of outstanding performance. AAFMAA achieved a Net Yield on Assets of 5.0% in 2015. These results allowed AAFMAA to support a high Crediting Rate of 6.0% for 2016!

With these outstanding accomplishments in 2015 and an absolutely solid foundation, we will fulfill our strategic vision: **“AAFMAA 2020.”** Please read the President and Treasurer's report on AAFMAA's incredible progress.

Thank you for your membership. I am honored to serve **you** as Chairman.

Respectfully,

A handwritten signature in black ink that reads "Donald M. Babers". The signature is written in a cursive, flowing style.

Donald M. Babers

6.0%

CREDITING
RATE

35%

MILITARY-
RELATED
EMPLOYEES

Message to Members

FROM THE PRESIDENT AND TREASURER

Dear Fellow Members,

AAFMAA 2020. Our vision: to ensure the financial security and independence of the military community. We call this vision **“AAFMAA 2020.”** Since 2000, we have thoughtfully expanded our offerings and our reach to provide premier financial solutions through all stages of your life.



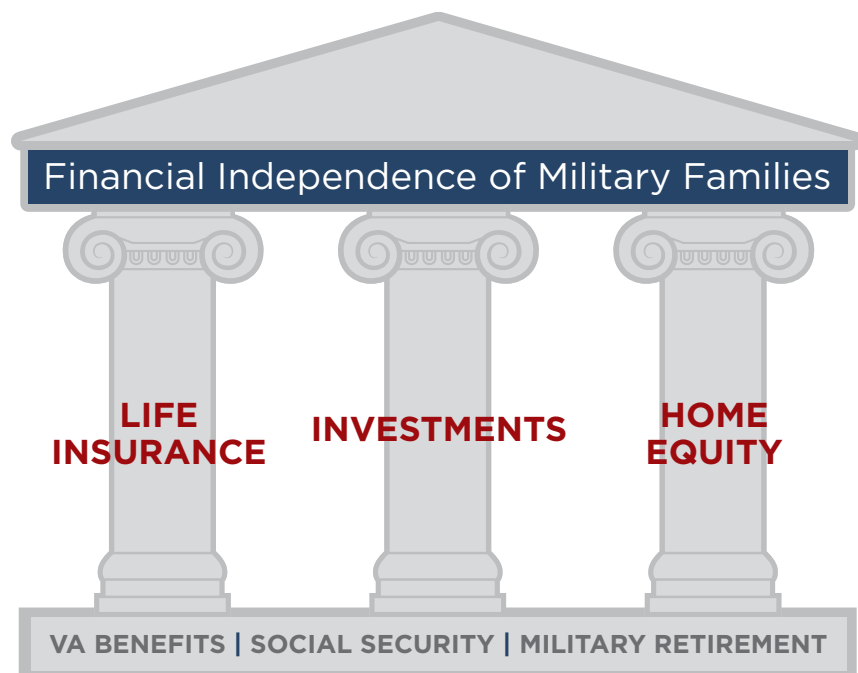
Walter R. Lincoln, CFP®

*Major, USA, Retired
President and Treasurer*

For 137 years, AAFMAA’s Benefits Team has, and always will, ensure that members receive all their government entitlements: VA, Social Security, and Military Retirement. In addition, three essential pillars of personal finance

support military families’ long-term financial security: Insurance, Investments, and Home Equity. Recognizing these needs, we knew we had to update our offerings to achieve the **“AAFMAA 2020”** vision. First, we expanded from a single permanent life policy to a full complement of life insurance policies. Second, we opened the doors to all services, Reserve, National Guard, and all ranks. Third, we extended coverage to immediate family members and created new policies specifically to cover children and grandchildren.

In 2012, the addition of AAFMAA Wealth Management & Trust LLC brought transparent, fee-only financial planning, investment management and trust services to the military community. As a chartered trust company, AAFMAA Wealth Management & Trust has a fiduciary duty to always act in its clients’ best interest.



Report of 2015

ASSETS. Financial assets exceed \$1.16 billion, on an “admitted asset value” basis. Many of our US Government and corporate bonds have market values higher than cost. Therefore, on a “market value” basis, total assets approach \$1.23 billion. Total Admitted Assets grew by \$9.67 million or 0.8%; Total Market Value Assets grew by \$152,638. AAFMAA’s Capital and Surplus now stands at \$126.7 million.

YIELDS. AAFMAA’s long-term, disciplined investment strategy has proven successful over many years. By looking long term, we’ve been able to retain assets to realize long-term gains. We also hold assets that pay current interest or dividends. To measure the yield generated by these investments, AAFMAA complies with the National Association of Insurance Commissioners procedures to calculate the Net Yield on Assets (NYA). While simplified, NYA compares to an interest rate earned on investments. For 2015, AAFMAA achieved a 5.0% NYA.

CREDITING RATE. The Crediting Rate determines the amount of interest added to the cash values of Value-Added Whole Life and **ANNUITY** Life policies. From the Direct Member Returns above, please note the \$13.8 million added to members’ cash value accounts. The growth of cash value, generally, increases the death benefit of these policies.

The AAFMAA Board of Directors reviews the Crediting Rate at least annually for adjustment. Part of that review considers the overall interest rate environment. The Federal Reserve continues its policy of Financial Repression, holding interest rates artificially low. This policy inevitably rewards debtors and punishes savers, resulting in huge transfers of wealth. The Fed’s Financial Repression may continue for some time longer, in which case the interest rate we can earn on bonds will continue to drift lower. Over an extended period, lower interest rates will inevitably force gradually lower Crediting Rates. Since 2009, we successfully adjusted our asset allocations to mitigate the effects of Financial Repression. We’ve now structured the portfolio to mitigate negative impacts on AAFMAA when the Fed allows interest rates to resume a “normal” range set by market forces.

DIRECT MEMBER RETURNS.

As a pure non-profit, member-owned mutual aid association, in one way or another, we return all net benefits directly to members or their survivors. For 2015, benefits returned included:

Death Benefits:	\$63.0M
Cash Value Increases:	\$13.8M
Member Services:	\$2.5M
Term Refunds:	\$0.1M
	<hr/>
	\$79.4M

5.0%

NET YIELD
ON ASSETS

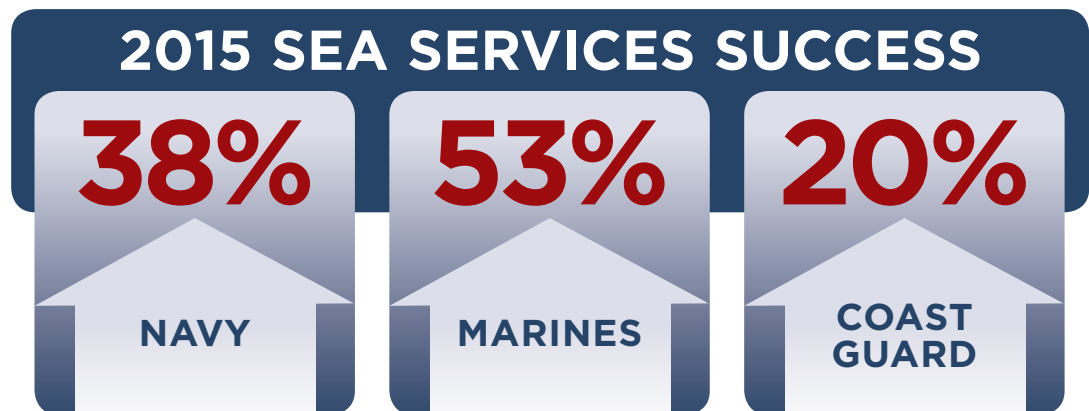
\$79.4 million

DIRECT
MEMBER RETURNS

PERFORMANCE. In addition to outstanding investment returns, AAFMAA's life insurance achieved record highs. Results include:

- Insurance in Force: \$25.7 billion
- Policies in Force: 124,899
- Total Lives Insured: 103,117

Economically, the number of policies in force contributes to AAFMAA's strength. The total number of lives insured, which includes members, spouses, children, and grandchildren, grew to an all-time high. While the number of AAFMAA members decreased slightly, we continue to actively seek new members. For instance, our expansion into the Sea Services, shown below, continues to grow every year as we invest more in reaching and welcoming servicemembers from these branches into AAFMAA. We want membership growth. Expanding membership eligibility to all services of the Armed Forces diversifies our risks and supports more of the US Military.



CHALLENGES. AAFMAA always faces challenges. The challenges differ from year-to-year but never go away. We have successfully met, and always will meet, every challenge every year. We now face two challenges: (1) Financial Repression and its aftermath; and (2) shrinking military forces. We are ready for the unwinding of Financial Repression. The restructured portfolio will ameliorate some of the likely impacts, and possibly allow us to gain from coming shifts in interest rates, asset values, and market volatility. However, the downsizing of the military pushes servicemembers out of the forces, often with relocations. Many newly unemployed servicemembers return to a sluggish civilian economy and, because of relocation, working spouses also face unemployment in their new hometown. Many servicemembers face the economic priorities of food, school, and clothing vs maintaining AAFMAA membership. We are addressing this challenge internally, but we also need **YOUR HELP**. Spread the word to your friends, colleagues and their families. Help AAFMAA membership grow. We would double in size if every member referred a new member.

Please review the next several pages to read comments from the leaders in each area of AAFMAA:

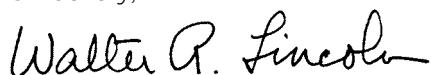
- **MIKE MEESE**, COO and Secretary of AAFMAA, updates on life insurance and AAFMAA in general.
- **RICK CONVY**, President of AAFMAA Wealth Management & Trust LLC, updates on their growing business.
- **CHARLIE BETANCOURT**, COO of AAFMAA Property LLC, reviews our real estate investments and occupancy rates.
- **WINNIFRED TSE**, Marketing Coordinator and SpouseLink.org Project Manager, updates on SpouseLink.org.

Looking to the Future

In 2015, we laid the groundwork to support the third element of personal finance — Home Equity — with the addition of AAFMAA Mortgage Services LLC (AMS), to open in 2016. As AAFMAA protects lives with life insurance and grows your personal assets through investment strategies, AAFMAA's vision recognizes that the largest single source of wealth for many servicemembers remains the equity built through home ownership. With more military families moving off post and facing the complex environment of mortgage lending, AAFMAA members need a reliable organization they can trust to provide excellent, transparent service in obtaining a home loan at the most affordable cost. To meet that need, we created AMS. Initially, AMS will provide residential mortgages in North Carolina, rapidly expanding to Virginia, Florida and other states. This wholly-owned subsidiary of AAFMAA completes the final pillar of services to facilitate the financial independence of military members. Be sure to watch for future announcements so that you can get the same, superlative personal service that you expect from AAFMAA — now with an extremely affordable mortgage that empowers you to purchase or refinance your perfect home.

AAFMAA's vision for 2020 remains consistent with its founding purpose 137 years ago — do everything we can for our members and their families. Our progress towards **"AAFMAA 2020"** demonstrates how far we have traveled on the path begun in 2000. We have succeeded because of the dedication of all our employees. They work incredibly hard every day to take care of **YOU** — our members. Only a great team could achieve the results we saw in 2015. I look forward to another outstanding year in 2016 and beyond. Thank you for your continued trust and support.

Sincerely,



Walter R. Lincoln, CFP®

Did you know?

AAFMAA has been assisting military families with financial solutions since 1879.

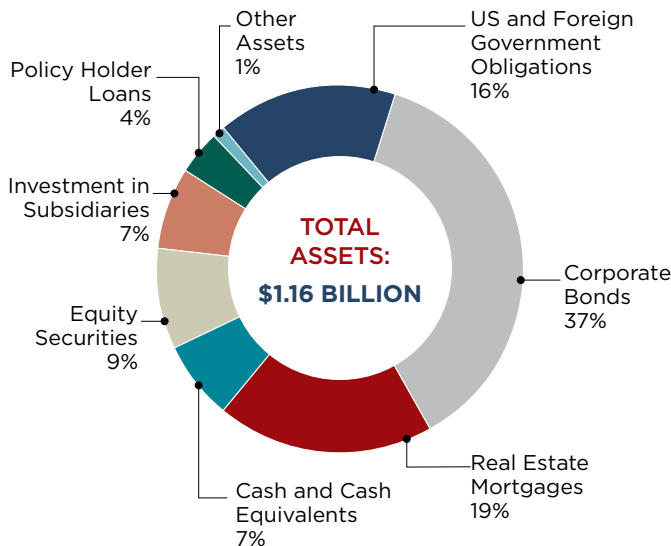
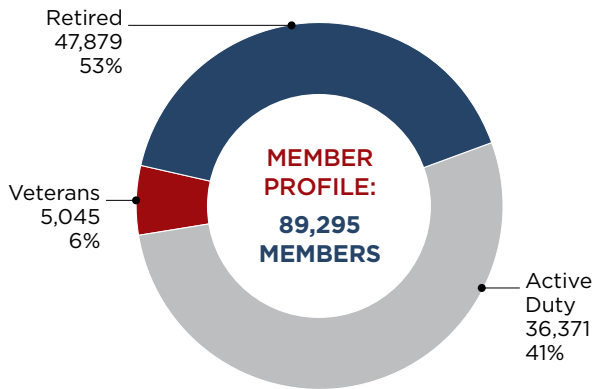
In every 15-year period since 1926, the US stock market has generated a positive return.

AAFMAA 2015 Overview

31 DECEMBER 2015

Who Can Be a Member?

All ranks of Army, Marine Corps, Navy, Air Force, and Coast Guard who are Active Duty (or within 240 days after separation), Retirees, National Guard or Reserve (full or part-time), Honorably Discharged Veterans, USAFA, USCGA, USMA, USMMA, and USNA midshipmen or cadets and ROTC contract/scholarship cadets. All Veterans can benefit from services and non-insurance products regardless of residence. Veterans residing in AZ, CT, FL, HI, MD, NC, OK, OR, RI, SC or VA are eligible to purchase life insurance.



Comparative Highlights

	2015	2014
Insurance in Force (\$ billions)	\$25.7	\$25.6
Total Reserves (\$ billions)	\$1.07	\$1.09
Number of Members	89,295	90,069
Number of Member Deaths	1,018	917
Death Benefits Paid (\$ millions)	\$63.0	\$53.6
Net Yield on Assets	5.0%	4.5%

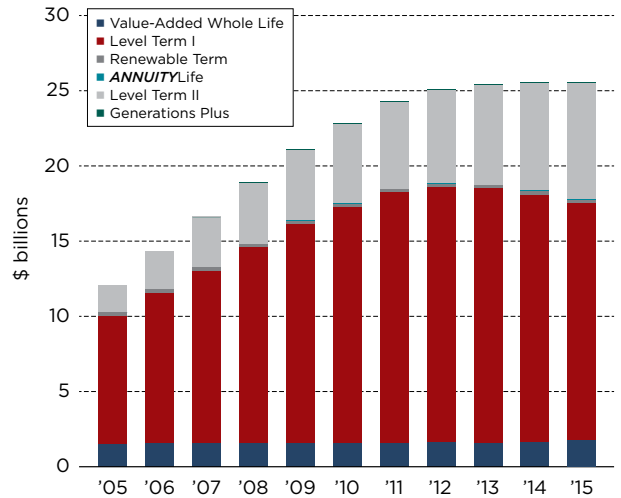
Summary of Assets

INVESTMENTS	ADMITTED ASSET VALUE	MARKET VALUE
US and Foreign Government Obligations	\$193,707,166	\$201,890,612
Corporate Bonds	440,116,616	465,879,456
Real Estate Mortgages	215,938,436	243,788,953
Cash and Cash Equivalents	80,811,389	80,811,316
Equity Securities*	99,270,266	99,270,266
Investment in Subsidiaries	79,207,702	79,207,702
Accrued Investment Income	10,467,811	10,467,811
TOTAL INVESTMENTS	\$1,119,519,386	\$1,181,316,116
Policy Holder Loans	43,702,308	43,702,308
Property & Equipment Net of Accumulated Depreciation	279,598	279,598
Other Assets	678,384	678,384
TOTAL ASSETS	\$1,164,179,676	\$1,225,976,406

*Valued at market

Insurance in Force

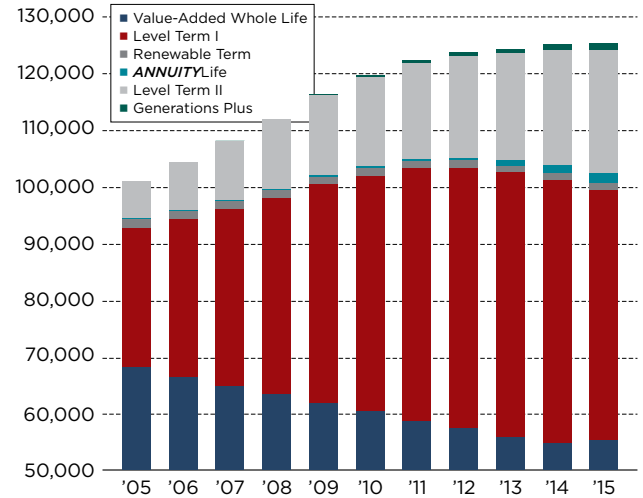
Start of year	\$25,591,134,250
Insurance sold	\$1,968,934,087
Death benefit growth	\$32,640,016
Death benefits incurred	\$(62,982,130)
Other terminations	\$(1,859,769,050)
Insurance in Force, end of year	\$25,669,957,173



Polices in Force

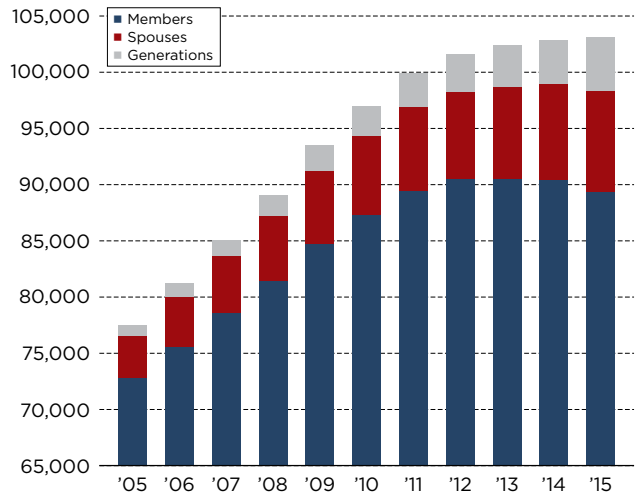
Start of year	124,813
New policies issued	6,726
Policies ended by death	(1,585)
Other net policy terminations	(5,055)
Polices in Force, end of year	124,899

Note: Beginning balance includes 160 Service Only (SO) policies and ending balance includes 151 SO policies.



Lives Insured

Members	89,295
Spouses	9,043
Generations	4,779
Total, end of year	103,117



Statement of Admitted Assets, Liabilities and Reserves

STATUTORY BASIS • FOR THE YEAR ENDED DECEMBER 31, 2015

Admitted Assets

Fixed Income Securities	\$ 633,823,782	
Real Estate Mortgages	215,938,436	
Cash and Cash Equivalents	80,811,389	
Equity Securities	99,270,266	
Investment in Subsidiaries	79,207,702	
Accrued Investment Income	<u>10,467,811</u>	
Total Investments		\$ 1,119,519,386
Policy Holder Loans		43,702,308
Property and Equipment, Net of Accumulated Depreciation		279,598
Other Assets		<u>678,384</u>
Total Admitted Assets		\$ 1,164,179,676

Liabilities and Reserves

Liabilities

Death Benefits Payable	\$ 21,403,826	
Accounts Payable	37,175,094	
Deferred Revenue	1,959,147	
Settlement Options Payable	31,154,981	
Accrued Post-Retirement Benefits	14,760	
Related Party Payable, Net	<u>220,659</u>	
Total Liabilities		\$ 91,928,467

Reserves

Insurance and Other	\$ 886,469,590	
War Risk	19,575,019	
Interest Maintenance	39,531,002	
Contingency Reserve		
Asset Valuation	\$ 32,175,452	
General Contingency	<u>94,500,146</u>	
Total Contingency Reserve	<u>126,675,598</u>	
Total Reserves		1,072,251,209

Total Liabilities and Reserves		\$ 1,164,179,676
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Summary Statement of Income

STATUTORY BASIS • FOR THE YEAR ENDED DECEMBER 31, 2015

Income

Premiums, dues, supplemental contracts	\$ 52,903,517	
Net Investment Income	51,295,327	
Amortization of Interest Maintenance Reserve	<u>6,116,943</u>	\$ 110,315,787

Benefits and Expenses

Death Benefit Claims	\$ 62,982,130	
Less actuarial adjustment	<u>(2,095,739)</u>	
Net Death Benefit Claims	\$ 60,886,391	
Surrender Benefits & Supplemental Contract Payments	7,466,358	
Service Benefits	2,532,152	
Premium Refunds, Term Insurance	74,828	
Increase in Insurance Expense (Reserves)	20,586,134	
General Administrative and Operation Expenses	<u>12,205,743</u>	(103,751,606)
Excess Interest Credited to Policies		(8,026,593)
Net Realized Gain on Investments		<u>3,131,948</u>
NET INCOME		<u>\$ 1,669,536</u>

Summary Statement of Cash Flows

STATUTORY BASIS • FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities

Cash collected for Premiums, Services and Investment activities	\$ 130,090,282	
Cash used for Vendors, Suppliers and Personnel related costs	(13,476,266)	
Cash used to pay Member Benefits and Services	<u>(68,316,501)</u>	
Net Cash Provided by Operating Activities		\$ 48,297,515
Net Cash Used in Investing Activities		<u>(6,977,647)</u>
Increase in Cash and Cash Equivalents		41,319,868

Cash and Cash Equivalents

Beginning of Year	\$ 39,491,521
End of Year	<u>\$ 80,811,389</u>

AAFMAA Life Insurance

FROM THE CHIEF OPERATING OFFICER AND SECRETARY

AAFMAA EMPOWERS YOU THROUGH EVERY STAGE OF LIFE. As Walt mentioned, AAFMAA continued to expand in 2015. Total policies, total lives insured, and total insurance in force all increased. We grew in spite of the reduction in the military because we provide financial solutions that empower military families through every stage of life.



Michael J. Meese
Ph.D., FLMI
Brigadier General, USA, Retired
COO and Secretary

Sales results include:

- Insurance sold: \$2.0 billion
- New policies issued: 6,726
- New members: 3,639
- Total membership: 89,295

Did you know?

All of AAFMAA's permanent life insurance policies include a Long-Term Care Settlement Option (LTCSO).

Generations Plus policies provide permanent financial security to the children in your life.

For new servicemembers on active duty, in the Reserves or National Guard, **Level Term I** provides the greatest coverage at the lowest price — saving 34% over SGLI. This past year, 2,136 of our active duty members received our popular **Career Assistance Program (CAP)** loan, which provides \$4,000 at 1.5% for those in grades E-5 to O-3.

We saw a net increase of over 1,000 policies on family members in 2015 as many active duty members wisely chose to insure their spouses and children. Our term policies provide some of the most affordable protection available for spouses, and our **Generations Plus** and **Value-Added Whole Life** policies enable members to share the benefits of AAFMAA with their children — for life. Remember, children and grandchildren **with policies before the age of 24** can benefit from all the products and services that AAFMAA offers throughout the rest of their lives.

As AAFMAA members transition from active duty, many receive transition assistance and VA claims coordination from our exceptional **Member Benefits** team. Both “grandfathered” AAFMAA members (those with policies originated before 2000) and **Premier Services** members access our expert staff for personalized transition readiness assessments and assistance applying for VA benefits. Last year, AAFMAA assisted members in submitting 172 fully developed VA claims resulting in over \$750,000 of annual benefits and helped 205 survivors gain over \$1.8 million in benefits.

Upon transition, servicemembers must select insurance to replace SGLI. In 2015, more than 2,000 AAFMAA members did just that by starting new **Level Term II** policies. With terms as long as 30 years lasting up to age 85, these members protected their families with affordable AAFMAA insurance for life after the military. Level Term II provides **up to 79% savings compared to VGLI**.

ANNUITYLife provides older members great returns in a secure life insurance policy with options to cover all of life's eventualities. In 2015, members paid over \$8 million in premiums for 489 new **ANNUITY**Life policies. The cash value in each of those secure, immediately available insurance policies earns AAFMAA's high 6.0% Crediting Rate.* In addition to excellent whole life insurance coverage, you can annuitize an **ANNUITY**Life policy for income in your later years, receive a long-term care settlement, or cash in the policy at any time — with no surrender charge ever!

Adding permanent AAFMAA **Value-Added Whole Life** insurance to your membership guarantees that your family can always access our exclusive Survivor Assistance Services when they need assistance most and provides funds to cover final expenses. Every AAFMAA member and each of your family members should have a base of at least \$10,000 of permanent life insurance. In 2015, members purchased 698 new Value-Added Whole Life policies.

As an additional benefit, all of our permanent life insurance policies include a **Long-Term Care Settlement Option** at no extra cost. Last year, 15 members took advantage of the Long-Term Care Settlement Option, which pays the death benefit to them while still alive, to cover long-term care expenses. This exceptional feature provides peace of mind that you will have funds for long-term care should you need them. And remember, because AAFMAA is member-owned and non-profit this benefit applies retroactively to include **ALL** AAFMAA permanent policies.

AAFMAA began 137 years ago with one specific purpose: "to aid the families of the deceased members in a prompt, simple and substantial manner." Currently we serve over 14,000 survivors. Last year, 1,018 members died and our exceptional, dedicated Survivor Assistance Services team provided compassionate, superlative, personal service for each of their families. Our team worked with every family to ensure that they not only promptly received their life insurance benefit, but also their Survivor Benefit Payments, VA benefits, Social Security, and other benefits.

We want to build on the great results of 2015, but to do so **we need your help**. Help AAFMAA grow by sharing your membership story in your military community. We provide some of the best, most-affordable financial solutions for military families. When you tell others about AAFMAA, we can serve even more members in 2016.

Did you know?

Every AAFMAA life insurance policy includes Survivor Assistance Services.

You should check your beneficiary designations for each of your life insurance policies *at least once a year.*

The government doesn't necessarily provide the best insurance options for the military.

***ANNUITY**Life is a life insurance policy. Return for **ANNUITY**Life is based on AAFMAA's crediting rate, currently 6.0% for 2016, minus an administrative cost, currently 0.75% for a net current return of 5.25%. This rate is not guaranteed and is subject to change. The guaranteed crediting rate is 3.5%, minus the administrative fee for a net guaranteed return of 2.75%.



AAFMAA Wealth Management & Trust LLC

FROM THE PRESIDENT

AAFMAA WEALTH MANAGEMENT & TRUST LLC (AWM&T), a wholly-owned subsidiary of AAFMAA, provides military families with financial planning, customized investment management, and trust services. In 2015, total assets under management grew by 29% as our number of accounts increased by more than 50%. These new clients joined us for several reasons:

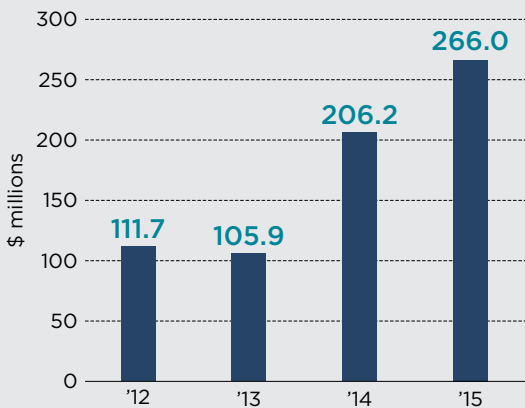


Richard Convy
CPA, CFA
President, AAFMAA Wealth
Management & Trust LLC

- Continued volatility in the financial markets led clients to feel anxious about having full, personal responsibility for the outcomes of their investment decisions.
- Clients with more complex financial situations needed a financial advisor to consolidate, review, organize, and simplify their finances.
- Clients managing their own investments decided to shift that responsibility to a trusted advisor, prudently preparing for a future when they might not have the capacity to continue managing their own finances.
- Professional and family commitments simply crowded out the time to plan effectively and manage family finances.
- AWM&T offers professional management accompanied by unparalleled client service and commitment.

As a chartered trust company, AWM&T's fiduciary responsibility puts the client's needs first and imposes a duty to act with the highest standards of care, loyalty and trust. AWM&T's salaried, professional employees receive no compensation based on recommended investments. No commissions.

Total Assets Under Management



How often do you talk to a financial professional about your money's performance? Are your investments running on autopilot? Does someone actively monitor your accounts to ensure they produce results? Do you know for sure? Do you know how much you're paying them? It can be difficult to figure out, and just reviewing your statements doesn't always tell the whole story.

Fortunately, you don't have to figure it out by yourself. Whether you already work with a trusted financial professional or you invest on your own; whether you just started saving or are already retired, AWM&T can help you get a clearer picture of your financial situation. With a little information from you, we will create an analysis of your progress toward your goals and make recommendations to help you along your financial path.

Contact us today to schedule your complimentary financial check-up — a free second opinion on your financial situation. Meet us in person at our offices in Reston, VA; Fayetteville, NC; or Winter Park, FL; or join us for a virtual meeting. We look forward to meeting you, introducing you to our professionals and helping you achieve financial independence and security. We're confident you'll be able to relax and "Breathe Easy" once you "Experience the Difference" with AWM&T.

AAFMAA Property LLC

FROM THE CHIEF OPERATING OFFICER

AAFMAA PROPERTY LLC (AP), a wholly-owned subsidiary of AAFMAA and its real estate equity investment arm, seeks opportunities that enhance AAFMAA's investment portfolio and/or provide facilities that support the in-person delivery of AAFMAA's unique products and services to military families throughout the United States. AP adds to the diversification of AAFMAA's investment portfolio and generates an attractive risk adjusted rate of return, benefiting all AAFMAA members. Additionally, AP provides and manages the facilities for AAFMAA operations in Reston, VA, and Fayetteville, NC.

Charles B. Betancourt
CCIM
COO, AAFMAA Property LLC



Significant Events for AP in 2015:

- Acquisition of two development parcels in Palm Desert, CA. We anticipate development to commence in 2016.
- Acquisition of two retail buildings, the Village at University Park in Palm Desert, CA.

Funds from operations (FFO) for 2015 totaled \$1,848,246. FFO, a standard measurement for real estate entities, measures performance based on net income, excluding gains (or losses) from sales of property, plus depreciation and amortization expenses. Depreciation and amortization expenses are non-cash accounting conventions. For a tax-exempt entity, such as AAFMAA, these expenses are not relevant to measure the success of AP's real estate investments. FFO declined in 2015 from the prior year due to the non-renewal of the US Navy lease in Annapolis, MD. AP successfully backfilled the Annapolis space, but at lower rental rates. AP continues to lease-up remaining vacant space across its portfolio. As of 31 December 2015, tenants leased 80% of available space, compared to 65% as of 31 December 2014.

Village at University Park



SPOUSELINK.ORG HELPS MILITARY SPOUSES Stay Informed; Get Support; Be Inspired. Created by AAFMAA, the website enables spouses to contribute meaningful content, stay connected to other fabulous MilSpouses, and discover something new every day — from financial advice to breaking military news, to lifestyle and travel tips, and personal experiences.

Take Us Wherever You Go

The SpouseLink social app helps the Military Spouse community and their families stay actively engaged with each other. It also provides a place where spouses can ask each other questions and share experiences to help navigate military life. Learn how the app works at spouselink.org/app, then download it in the iTunes App Store for free!



Winnifred Tse
Marketing Coordinator
AAFMAA and SpouseLink.org

Like us on Facebook, follow us on Twitter and Pinterest, and add us to your circles on Google+ to stay up-to-date on our activities and posts.



What Have We Been Up to in 2015?

Just some of our noteworthy accomplishments in the past year:

- Our social community continued to grow! More than 12,000 people liked our page on Facebook, nearly 900 follow us on Pinterest, more than 1,600 follow us on Twitter, 250 follow us on Google+, and more than 1,000 people joined our Google+ circles.
- 79 SpouseLink authors — including Military Spouses, AAFMAA employees, Veterans and those interested in supporting, informing, inspiring and becoming more involved with the Military Spouse community — contributed stories and other content to SpouseLink.org.
- We crafted 7 guest blog posts with tailored content specifically for influential blogging channels, inspiring more than 450 reader shares and likes, along with an additional 4 original sponsored posts, resulting in more than 280 shares.
- SpouseLink Ambassadors promoted our efforts in military installations across the country by participating in Kids Day activities, attending AAFMAA events, “mom groups,” networking opportunities, LINKS classes and more.
- SpouseLink.org proudly co-sponsored the 2015 Military Spouse of the Year Awards, created by *Military Spouse* magazine to recognize Military Spouses who represent their bases, states and districts around the world.



AAFMAA sponsors 2015 Military Spouse of the Year.

Looking Ahead

In May 2016, we will host our 4th Annual SpouseLink.org training retreat. This event brings together Military Spouses and our own fantastic SpouseLink Ambassadors from across the country to continue improving and expanding the SpouseLink.org community in new and innovative ways.

Welcome to SpouseLink.org™

SPOUSELINK.ORG/APP

Let us introduce you to the first social network of its kind, created specifically for Military Spouses and their families by a brand that really gets military life.

NEWS FEED

Stay up-to-date with trending topics and current community posts.



GROUPS

Join an existing group or create your own based on what's important to you.



MESSAGE

With a variety of privacy settings, you can securely chat with one person or create a private group chat.



Stay Informed

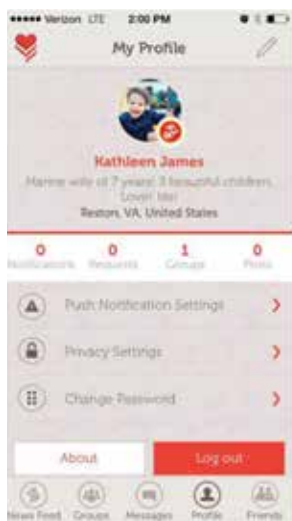
Personalize your account, share your experiences and join the military community driven by Military Spouses.

Get Support

Make friends in your current community, stay in touch with friends from your past and create a lasting family environment.

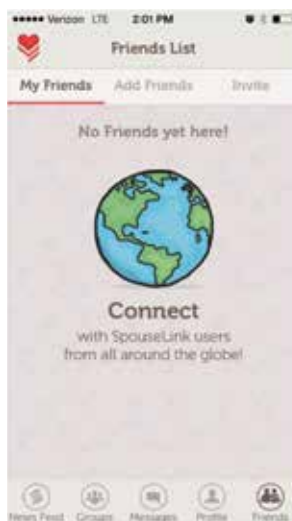
PROFILE

Tell others in the community a little bit about yourself, manage your privacy settings and notifications.



FRIENDS

Add friends who've already joined the community or invite your friends to join — no matter where they live.



JOIN US

The app is completely free and is currently available in the iTunes store.



Be Inspired

Join groups based on your needs and interests. Start conversations, post questions and interact with other spouses who understand MilSpouse life.

Linking Military Spouses Around the World.

AAFMAA in the Community



SpouseLink staff with expectant Military Spouses at a 2015 USO "Belvoir Babies" event at Fort Belvoir, VA.



Hundreds of West Point cadets signed up for AAFMAA's free Introductory Membership at Army football games last season.



AAFMAA proudly sponsored the Army vs. Marines Joint Base Warrior Challenge at Joint Base Myer-Henderson Hall.



A military family proudly displayed red, white, and blue AAFMAA rally towels at the Annual 4th of July Celebration at Fort Bragg, NC, presented by AAFMAA.



Marines learned all about AAFMAA at the Marine South Expo in Camp Lejeune, NC.



During multiple sporting events, cadets at the Air Force Academy signed up for AAFMAA's free Introductory Membership. Here, cadets take a break from courtside action to do so.



Marines visited the AAFMAA booth at the Modern Day Marine Exposition in MCB Quantico, VA.



AAFMAA welcomed hundreds of Air Force Academy cadets at a football game against Utah State in Colorado Springs, CO.



AAFMAA COO, BG Michael Meese, (USA Ret) congratulated award winners at the Enlisted Awards Parade at MCB Quantico, VA.



As the grand title sponsor of the Marine West Exposition in Camp Pendleton, CA, AAFMAA met hundreds of potential members and began a great tradition of sponsoring Marine Military Expos.



AAFMAA sponsored a number of Navy basketball games at the US Naval Academy in Annapolis, MD, introducing thousands of midshipmen to AAFMAA.

AAFMAA Member Center

The AAFMAA Member Center makes it easy to review your payment history and make current payments. It also consolidates information on your policies and services and provides details about other AAFMAA products that might benefit you.

Member Center allows you to:

- View details on all AAFMAA policies side-by-side
- Access the AAFMAA Wealth Management & Trust login directly
- Learn more about the Survivor Assistance Services included in your membership
- View important member communications securely
- See upcoming and overdue bills at a glance
- Schedule future payments by eCheck up to 30 days in advance
- Review and print up to 12 months of your payment history
- Update your credit card expiration date online
- Save multiple bank accounts for eCheck payments



You now have an easy way to pay your bills, see everything related to your AAFMAA membership, and monitor your general financial readiness. Log in or register today at connect.aafmaa.com to discover the easiest way to stay in touch with AAFMAA.



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OFFICE HOURS AT ALL LOCATIONS: Monday-Friday, 8:30 a.m.-5:30 p.m., ET

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