



**AAFMAA<sup>®</sup>**  
**2018**

*Annual Report*

Solutions for **YOUR** Financial Future

# AAFMAA Board of Directors

## Executive Committee



**Dennis J. Reimer**  
*GEN, USA, Retired  
Chairman of the Board\**



**John A. Dubia**  
*LTG, USA, Retired  
Chairman, Membership  
Committee*



**William M. Matz, Jr.**  
*MG, USA, Retired  
Chairman, Finance  
Committee*



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

\*Ex-officio member of all committees

## Finance Committee



**William M. Matz, Jr.**  
*MG, USA, Retired  
Chairman, Finance  
Committee*



**Dennis D. Porter**  
*COL, USA, Retired  
Vice Chairman, Finance  
Committee*



**John T. Ridge**  
*CMSgt, USAF, Retired*



**Mack C. Hill**  
*BG, USA, Retired  
Chairman, Audit  
Sub-Committee*



**Elisabeth J. Strines**  
*Col, USAF, Retired*

## Membership Committee



**John A. Dubia**  
*LTG, USA, Retired  
Chairman, Membership  
Committee*



**Janice M. Hamby**  
*RADM, USN, Retired  
Vice Chair, Membership  
Committee*



**Lewis E. Monroe, III**  
*CMSgt, USAF, Retired*



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



**Jonathan D. George**  
*Brig Gen, USAF, Retired*



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

## Senior Management

**Walter R. Lincoln, CFP®**  
*President and Treasurer, AAFMAA*

**Michael J. Meese, Ph.D., FLMI**  
*Executive Vice President and  
Secretary, AAFMAA*

**James M. Malley, CPA**  
*President, AAFMAA Mortgage  
Services LLC*

**Stephen C. Mannell, Jr., CTFA**  
*President, AAFMAA Wealth  
Management & Trust LLC*

**Carlos Perez, Jr., FLMI**  
*Chief Operating Officer and  
Assistant Secretary, AAFMAA*

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

**Tiana Fallavollita**  
*Vice President Human Resources,  
AAFMAA*

**Kevin A. Kincaid**  
*Chief Marketing Officer, AAFMAA*

**Charlene Wilde**  
*Assistant Secretary, AAFMAA*

## OUR MISSION

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

### CONTACT US:

[www.aafmaa.com](http://www.aafmaa.com)  
1-800-522-5221

102 Sheridan Ave  
Fort Myer, VA 22211

1850 Old Reston Ave  
Reston, VA 20190

639 Executive Place, Ste 200  
Fayetteville, NC 28305

291 Independence Blvd, Ste 240  
Virginia Beach, VA 23462

1420 Commonwealth Drive, Ste 202  
Wilmington, NC 28403

# Message from the Chairman

Dear Fellow Members,

**AAFMAA SAW A STRONG AND SUCCESSFUL 2018** focused on providing *Solutions for YOUR Financial Future*. As the longest-standing not-for-profit organization supporting the military and veterans, we're celebrating our 140th Anniversary. I'm honored, as AAFMAA's Chairman, to lead a very distinguished Board of Directors. The men and women of AAFMAA work hard to serve you, our Members, in providing financial independence for you and your families.

In 2018, AAFMAA continued providing our incomparable insurance products with exceptional member benefits and exclusive Survivor Assistance Services. AAFMAA Wealth Management & Trust LLC and AAFMAA Mortgage Services LLC expanded their services and reach. Along with this continued growth, we always focus solely on the members of our Military Community, whom we serve **exclusively**. Your Board of Directors, comprised solely of military veterans, continue serving you on a non-compensated basis. Additionally, 37% of the staff are military-related employees. You can rely on them to develop and deliver products and services to meet your unique needs. Remember, your needs guide our decisions.

In an era of repressed interest rates and volatile markets, AAFMAA had solid investment success in 2018. The diligent work of AAFMAA's team has added to the strong financial foundation of the Association. This financial strength allowed us to continue to pay an industry-leading 5.75% Crediting Rate through 2019. This directly benefits you, our Members, because the Crediting Rate helps build the cash value of all Value-Added Whole Life policies and Wealth Builder Life Insurance policies.

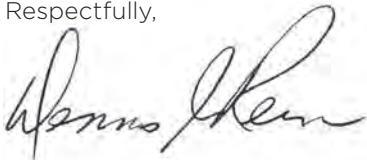
**16,700+**

**SURVIVORS HELPED**

Most importantly, AAFMAA's expert staff helped Members and their families receive all of the benefits earned throughout their military careers. More than 16,700 families received their life insurance payments, Survivor Benefit Plan payments, VA compensation, and other benefits through the assistance of AAFMAA. In one remarkable case, a Member received more than \$265,000 in payments from the VA (see back cover).

We look forward to taking care of you and all of our Members throughout 2019—AAFMAA's 140th year!

Respectfully,



Dennis J. Reimer, GEN, USA Ret  
Chairman, Board of Directors

**Dennis J. Reimer**

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



**5.75%**

**CREDITING  
RATE**

**37%**

**MILITARY-RELATED  
EMPLOYEES**



# Message from the President and Treasurer

Dear AAFMAA Members,

## 140 YEARS OF PROVIDING SUPERLATIVE PERSONAL SERVICE AND FINANCIAL SECURITY.

In our early days, our primary focus was on providing small life insurance policies and storing important documents in our vault. AAFMAA has evolved throughout its history to meet your needs during your military career and beyond—so we can always provide the best **Solutions for YOUR Financial Future.**



**Walter R. Lincoln, CFP®**

*Major, USA, Retired  
President and Treasurer*

As the Chairman noted, your AAFMAA team achieved solid results in 2018. While the Federal Reserve continues to pursue its policy of Financial Repression, AAFMAA's financial results support the 5.75% Crediting Rate approved by the Board. After a decade of low interest rates, even with AAFMAA's disciplined

quantitative relative value investment process, it may be necessary to reduce the Crediting Rate for next year. AAFMAA will undoubtedly remain the industry leader for Member returns, but those returns may be lower, depending upon interest rate trends.

None of us can predict the future, but we can plan for whatever may occur. To prepare for the future, we implemented our Strategic Plan "AAFMAA 2020" four years ahead of schedule. This has allowed us to grow the organization, staffing, and marketing of AAFMAA to enable the three pillars of financial independence and security for every Member: life insurance, investments, and home equity. These pillars build upon the foundation of military benefits (veterans benefits, Social Security, Military Retirement, and the Survivor Benefit Plan). Please read more about life insurance (pg. 8), investments (pg. 9), and home equity (pg. 11).

AAFMAA now offers products and services to meet your needs during every stage of life.

AAFMAA will continue to grow as "AAFMAA 2020" matures. Along with growth comes risk. We cannot avoid risk; we can only ensure that the returns achieved are greater than the risks assumed. We ameliorate risks by diversifying and by conducting careful due diligence on our investments. For example, we have not had a foreclosure in our Commercial Real Estate lending for the past two decades. Another example, the market value of our assets exceeds the admitted value by \$10.6 million. A third example, the Interest Maintenance Reserve (IMR), which stores capital gains from bond sales, totals \$39.1 million. Those gains will be released over future years to insulate AAFMAA from some potential market turbulence.

AAFMAA invests for the very long term by assiduously examining assets in terms of risk, liquidity, and return of each investment opportunity compared with other options. The Net Yield on Assets (NYA) of 3.8% reflects the returns from AAFMAA's investments, including



**\$1.3 billion**  
TOTAL ASSETS

**\$39.1 million**  
INTEREST MAINTENANCE RESERVE

**3.8%**  
NET YIELD ON ASSETS

**\$86.0  
million**

**DIRECT  
MEMBER  
RETURNS**

- **Death Benefits** \$ 70.5 M
- **Surrender Benefits** \$ 9.9 M
- **Cash Value Increases** \$ 4.6 M
- **Member Services** \$ 1.0 M
- **Total Direct Member Returns** \$ 86.0 M

In addition to investment diversification, diversified services also contribute to a solid future. Increasing numbers of Members enjoy the benefits of fiduciary management of their investments through AAFMAA Wealth Management & Trust LLC. These relationships can extend AAFMAA's relevance to survivors and even to following generations. AAFMAA Mortgage Services LLC emphasizes VA-guaranteed residential mortgages, but also provides other mortgage types to meet differing needs. Significantly, approximately 50% of those taking a mortgage from AAFMAA are new Members. As we expand the geographic reach of the mortgage company to additional states, AAFMAA will become more relevant to retirees and veterans across our great country.

Whether you are one of AAFMAA's long-term Members we often meet at events across the country or a brand-new Member savoring your first taste of financial security, we deeply appreciate your confidence in and loyalty to AAFMAA. We look forward to serving you throughout our 140th year as we continue to provide the valuable products, superlative personal service, and innovative expansions you can always expect from AAFMAA!

Thank you for being part of AAFMAA's storied past and for helping us to build an even greater future by referring eligible Members. Thank you for your trust.

Sincerely,



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

interest, dividends, and rents. We consistently invest to ensure that our assets can match the need to pay benefits to our Members and their families, which totaled \$86.0 million in 2018. As a non-profit member-owned association, the financial benefits do not go to shareholders, taxes, or other uses, but are instead provided to our Members in the following ways:

## SUMMARY OF ASSETS<sup>1</sup>

INVESTMENTS	ADMITTED ASSET VALUE	MARKET VALUE
US and Foreign Government Obligations	\$ 247,912,668	\$ 252,254,310
Corporate Bonds	526,756,515	526,738,907
Real Estate Mortgages	214,924,971	221,250,677
Cash and Cash Equivalents	20,283,691	20,284,185
Equity Securities <sup>2</sup>	77,316,028	77,316,028
Investment in Subsidiaries	140,763,985	140,763,985
Accrued Investment Income	10,308,740	10,308,740
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,238,266,598</b>	<b>\$ 1,248,916,832</b>
Policy Holder Loans	42,988,249	42,988,249
Related Party Receivable, Net	4,599,238	4,599,238
Property & Equipment Net of Accumulated Depreciation	224,998	224,998
Other Assets	1,835,515	1,835,515
<b>TOTAL ASSETS</b>	<b>\$ 1,287,914,598</b>	<b>\$ 1,298,564,832</b>

<sup>1</sup>AAFMAA is required to report on a Statutory Accounting basis (Admitted Asset Value), not a GAAP basis. In accordance with AAFMAA's Constitution, this table also reports Market Values.

<sup>2</sup>Equity securities, i.e., stocks, under Statutory reporting are "marked to market"; therefore the Admitted Asset Value of stocks equals Market Value. As of 31 December 2018, the cost basis of stocks was \$78,385,529 vs. a Market Value of \$77,316,028.

# Message from the Executive Vice President

**AAFMAA HAS PROVIDED SOLUTIONS FOR YOUR FINANCIAL FUTURE**, by expanding the ways we help members for the past 140 years. In recent years, we achieved this goal by adding wealth management and mortgage services, allowing a larger part of your financial well-being to be cared for by AAFMAA's knowledgeable and compassionate experts. In 2018, we also strengthened AAFMAA's processes, procedures, and practices to keep mundane procedures off your plate so that you—our Members—only see what is important: your policy issued, your payment processed, your documents secured, your beneficiaries cared for, your mortgage closed, your financial plan produced, and your investments managed.



**Michael J. Meese, Ph.D., FLMI**  
*Brigadier General, USA, Retired*  
*Executive Vice President and*  
*Secretary, AAFMAA*

AAFMAA focuses on delivering each of our products and services safely, securely, and reliably. To ensure this, we focus on our information technology (IT) infrastructure, which we continuously upgrade and monitor. In 2018, we once again achieved the highest possible rating during an independently-conducted Information Security and Assurance (ISA) audit using **Federal Information Security Modernization Act (FISMA)** standards. This means you can rest easy knowing that all of your documents and policy-related items are stored in a specially accredited secure facility utilizing the National Institute of Standards and Technology (NIST) recommended security controls.

What's more, your documents are continuously replicated in other **highly secure AAFMAA-owned servers** off-site to minimize any chance of data loss, compromise, or disruption. We know you place your trust in us, so we remain fully cognizant of threats posed by cyber hackers, criminals, hurricanes, and other natural or man-made disasters. That's why we have detailed plans to ensure the security, availability, and integrity of our systems and your data and test those plans regularly.

The heart of AAFMAA, of course, is our **highly professional employees** who work diligently every day to take care of you, our Members. We invest in our employees with training, education, and certifications so that they can continue to provide the best possible service. As part of our 2018 report, each key leader reports on their organization and also highlights some of the exceptional individuals taking care of you and providing **Solutions for YOUR Financial Future**.

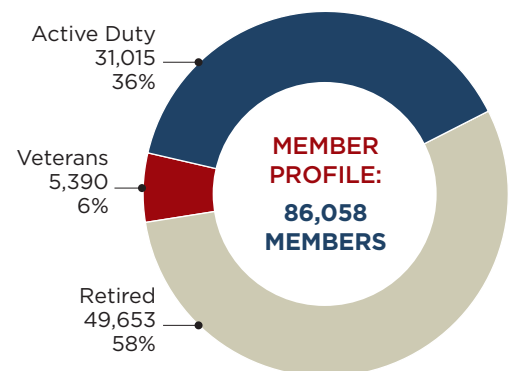
Highlights	2018
Insurance in Force (\$ Billions)	\$25.20
Death Benefits Paid (\$ Millions)	\$70.49
Number of Member Deaths	1,025



**Rachel Roberts, Policy Services**

Rachel joined AAFMAA in 2005 and works in our Policy Services Team in Reston, Virginia. She is an Army Veteran who served as a Combat Field Medic in Fort Wainwright, Alaska. Rachel takes care of all aspects of life insurance policy

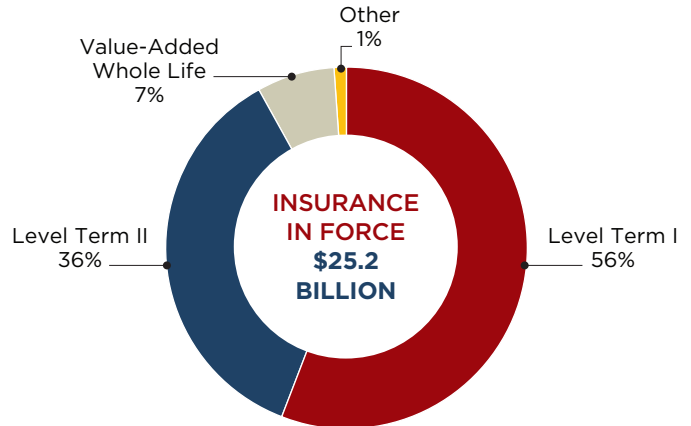
administration, including updating beneficiaries, processing payments, updating policy information, and otherwise providing superlative personal service to all AAFMAA Members.



# AAFMAA 2018 Overview

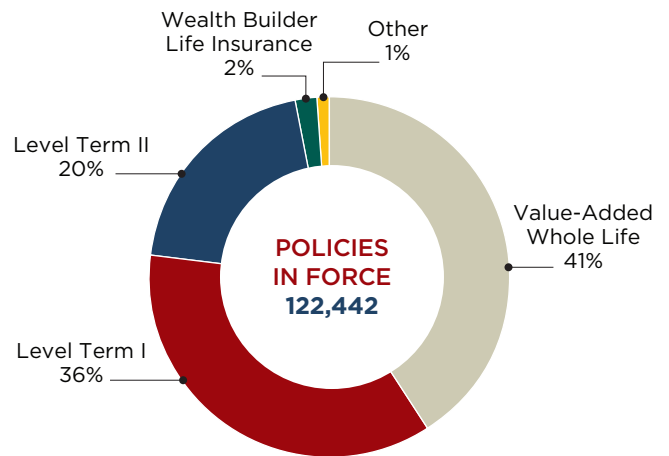
## Insurance in Force

Beginning of year . . . . .	\$25,323,987,412
Insurance sold . . . . .	\$1,528,453,085
Death benefit change . . . . .	\$(338,470,172)
Death benefits incurred . . . . .	\$70,489,718
Other terminations . . . . .	\$(1,379,503,671)
<b>End of Year . . . . .</b>	<b>\$25,204,956,371</b>



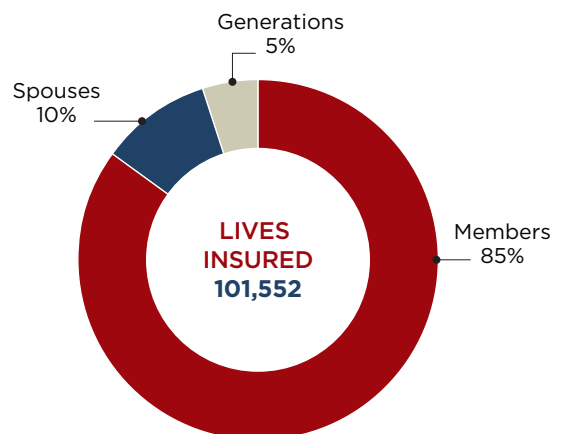
## Policies in Force

Start of year . . . . .	123,152
New policies issued . . . . .	5,234
Policies ended by death . . . . .	(1,572)
Other net policy terminations . . . . .	(4,372)
<b>End of Year . . . . .</b>	<b>122,442</b>



## Lives Insured

Members . . . . .	86,058
Spouses . . . . .	9,785
Generations . . . . .	5,709
<b>End of Year . . . . .</b>	<b>101,552</b>



# Statement of Admitted Assets, Liabilities, and Reserves

STATUTORY BASIS • FOR THE YEAR ENDED DECEMBER 31, 2018

## Admitted Assets

Fixed Income Securities	
US & Foreign Government Obligations . . . . .	\$ 247,912,668
Corporate Bonds . . . . .	<u>526,756,515</u>
Total Fixed Income Securities . . . . .	\$ 774,669,183
Real Estate Mortgages . . . . .	214,924,971
Cash and Cash Equivalents . . . . .	20,283,691
Equity Securities . . . . .	77,316,028
Investment in Subsidiaries . . . . .	140,763,985
Accrued Investment Income . . . . .	<u>10,308,740</u>
<b>Total Investments . . . . .</b>	<b>\$ 1,238,266,598</b>
Policy Holder Loans . . . . .	42,988,249
Related Party Receivable, Net . . . . .	4,599,238
Property and Equipment, Net of Accumulated Depreciation . . . . .	224,998
Other Assets . . . . .	<u>1,835,515</u>
<b>Total Admitted Assets . . . . .</b>	<b>\$ 1,287,914,598</b>

## Liabilities and Reserves

### Liabilities

Death Benefits Payable . . . . .	\$ 23,129,144
Accounts Payable . . . . .	57,852,284
Deferred Revenue . . . . .	1,849,604
Settlement Options Payable . . . . .	36,833,641
Accrued Post-Retirement Benefits . . . . .	<u>6,718</u>
<b>Total Liabilities . . . . .</b>	<b>\$ 119,671,391</b>

### Reserves

Insurance and Other . . . . .	\$ 969,531,301
War Risk . . . . .	20,889,100
Interest Maintenance . . . . .	39,103,703
Contingency Reserve	
Asset Valuation . . . . .	\$ 36,179,698
General Contingency . . . . .	<u>102,539,405</u>
Total Contingency Reserve . . . . .	<u>138,719,103</u>
<b>Total Reserves . . . . .</b>	<b>\$ 1,168,243,207</b>
<b>Total Liabilities And Reserves . . . . .</b>	<b>\$ 1,287,914,598</b>





# Summary Statement of Income

STATUTORY BASIS • FOR THE YEAR ENDED DECEMBER 31, 2018

## Income

Premiums, Dues and Supplemental Contracts .....	\$ 53,738,460	
Net Investment Income and Capital Gains .....	54,033,425	
Amortization of Interest Maintenance Reserve .....	<u>6,393,301</u>	
<b>Total Income</b> .....		\$ 114,165,186

## Benefits and Expenses

Death Benefit Claims .....	\$ 70,489,718	
Less War Claims .....	(2,400,000)	
Plus Actuarial Adjustment .....	<u>151,873</u>	
Net Death Benefit Claims .....		\$ 68,241,591
Surrender Benefits .....		7,665,558
Supplemental Contracts Payments .....		2,206,930
Increase in Insurance Expense (Reserves) .....		14,357,286
General Administrative and Operation Expenses .....		<u>14,409,409</u>
<b>Total Benefits and Expenses</b> .....		(106,880,774)
Excess Interest Credited to Policies .....		<u>(6,176,327)</u>

<b>Net Income</b> .....		<u>\$ 1,108,085</u>
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# Summary Statement of Cash Flows

STATUTORY BASIS • FOR THE YEAR ENDED DECEMBER 31, 2018

## Cash Flows from Operating Activities

Cash Collected For Premiums, Services and Investment Activities .....	\$ 110,309,819	
Cash Used For Vendors, Suppliers and Personnel Related Costs .....	(22,982,408)	
Cash Used To Pay Member Benefits and Services .....	<u>(74,494,377)</u>	
Net Cash Provided by Operating Activities .....		\$ 12,833,034
Net Cash Used in Investing Activities .....		<u>(21,984,440)</u>
Decrease in Cash and Cash Equivalents .....		(9,151,406)

## Cash and Cash Equivalents

Beginning of Year .....		29,435,097
End of Year .....		<u>\$ 20,283,691</u>

For a copy of the full, audited Financial Statements, please email [finance@aafmaa.com](mailto:finance@aafmaa.com)

# AAFMAA Life Insurance

**WITH 140 YEARS TO OUR CREDIT**, AAFMAA continues to provide you—our military men and women and your families—with **Solutions for YOUR Financial Future**. We pride ourselves on delivering always-affordable life insurance to meet your needs across all stages of life.



**Carlos Perez, FLMI**  
*Colonel, USA, Retired*  
*Chief Operating Officer and*  
*Assistant Secretary, AAFMAA*

In 2018, AAFMAA:

- Sold more than \$1.53 billion in life insurance, attaining \$25.2 billion Insurance in Force;
- Provided 5,234 new policies to Members and their families, attaining 122,422 policies in force;
- Brought 3,628 new Members into the Association, reaching a total of 86,058 Members; and
- Insured a total of 101,552 lives—Members, spouses, children, and grandchildren.



**Mike Cummings,**  
**Survivor Assistance**  
**Team Leader**

Mike joined AAFMAA in 2017 as a Survivor Assistance Counselor. An Army Veteran, he served on active duty as a Blackhawk Crew Chief. Mike is now the Survivor Assistance Services team leader, where he and his team of counselors continue to provide superlative service that is the heart of AAFMAA to our military survivors.

To better serve our Members, in 2018 we launched **Wealth Builder Life Insurance, one policy** that provides **four solutions**: First, as a life insurance product, it protects your loved ones in the event of your death and includes our hallmark Survivor Assistance Services. Second, should you need funds, you can access the policy's cash value with no penalties or fees. Third, if you prefer a stream of predictable income over time, you can annuitize the policy's cash value into monthly payments to age 100. Finally, should you need long-term care, the policy includes a Long Term Care Settlement Option (LTCISO) at no additional cost. Visit [www.aafmaa.com/wbli](http://www.aafmaa.com/wbli) to learn more about this unique policy designed with you in mind.

Wealth Builder Life Insurance is only one of the many policies AAFMAA offers to meet your needs at a time when permanent life insurance is right for you. In addition, we continue to offer **best-in-class term policies** and **traditional whole life policies**.

During 2018, we also addressed key processes to strengthen the Association for years to come and **adopted the latest industry protocols for assessing risk in applications for insurance**. Our new systems use a “rules engine” to integrate data from applications, medical records, prescription drug checks, and motor vehicle records to ensure that policies adequately account for risk through their premium structures and ratings classes. **This protects all AAFMAA Members from fraudulent or simply inaccurate applications.**

Furthermore, a cornerstone of Financial Independence for military families is **VA benefits**. In 2018, our VA Benefits Team assisted 143 Members and filed 78 disability claims. The adjudicated claims resulted in more than \$905,000 in annual benefits to these Members, with retroactive payments totaling \$780,000. In addition, the **Survivor Assistance** and VA teams worked diligently to ensure 262 survivors obtained all VA benefits to which they were entitled. These efforts produced more than \$1.7 million in annual benefits to widows and widowers and more than \$210,000 in burial reimbursements.

Throughout 2018, AAFMAA's **Member Benefits** team continued providing the information and tools necessary for you to achieve financial independence through informative webinars, newsletters, transition planning, and military and government benefits awareness. Our outreach efforts included Soldier for Life presentations and workshops at local retirement communities.

Our commitment is to provide a lifetime of superlative personal service to every Member and survivor. As AAFMAA looks to our next 140 years, we remain focused on ensuring your financial security and independence. We will continue to serve you with industry-leading new products and services.



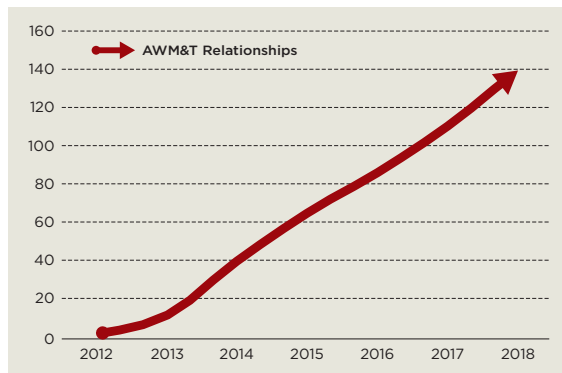
# AAFMAA Wealth Management & Trust LLC

**AAFMAA WEALTH MANAGEMENT & TRUST LLC (AWM&T)** is a wholly owned subsidiary of AAFMAA. As AAFMAA's Trust Company, AWM&T manages a \$300M portfolio of AAFMAA equity and bond investments for AAFMAA Members. AWM&T is a government regulated entity with a legal fiduciary responsibility to put your needs first. As a military trust services company, we have the know-how to protect your assets and help accomplish your financial objectives for your beneficiaries. Furthermore, AWM&T delivers customized wealth management solutions for Military Families that can help preserve your legacy for many generations to come.

In 2018, Members enjoying personal wealth management service increased by 26%.

In addition, your Trust Company added several new Relationship Managers. Your wealth management professionals serve as your personal AWM&T representative, coordinating a staff of financial planning, investment management, and trust administration experts in direct support of your family's financial needs. Our Relationship Managers work closely with you to make smart investment decisions, review progress, and maintain a clear and consistent focus on your goals.

In 2019, we will continue to put you, our Members, first, proudly embracing our fiduciary duty to act with the highest standards of care, loyalty, and trust in your best interest. Ready to start a conversation with a Relationship Manager about your financial future? Contact us today at 910-307-3500, email [wealthmanagement@aafmaa.com](mailto:wealthmanagement@aafmaa.com), or reach out to your local Relationship Manager directly. Whether you're just starting your military career or are a veteran who served your nation long ago, you deserve wealth management solutions designed exclusively for you.



## Steve Mannell, CTFA

*Lieutenant Colonel, USA, Retired  
President, AAFMAA Wealth  
Management & Trust LLC*



## Cynthia Wilkinson, AWM&T Relationship Manager

Cynthia is a Relationship Manager with AAFMAA Wealth Management & Trust in Colorado Springs, CO. Cynthia holds a Bachelor of Science in Finance from Missouri State University and has spent over six years in the Financial Industry as well as proudly serving as a member of the Air National Guard for over 11 years. Before joining AWM&T, Cynthia worked with private wealth management and fund accounting firms. As a Relationship Manager, Cynthia works directly with you to help create personalized plans and strategies that will assist you in meeting your financial goals.

## Your AWM&T Relationship Management Team

AZ	<b>Tony Babich</b>	ababich@aafmaa.com	480-980-7671
CO	<b>John Sledgianowski</b>	jsledgianowski@aafmaa.com	719-313-3403
CO	<b>Cynthia Wilkinson</b>	cwilkinson@aafmaa.com	719-313-7847
CT	<b>Matthew Hicks</b>	mhicks@aafmaa.com	475-470-2123
FL	<b>Gary Brown</b>	gbrown@aafmaa.com	727-215-8072
GA	<b>Tony Oliver</b>	toliver@aafmaa.com	470-270-9078
NC	<b>Danielle Nuxoll</b>	dnuxoll@aafmaa.com	910-929-6532
NC	<b>Christina Dell'Aquila</b>	cdellaquila@aafmaa.com	919-888-1900
TN	<b>Young Park</b>	ypark@aafmaa.com	931-272-1846
VA	<b>Rob Rea</b>	rrea@aafmaa.com	703-397-4598
VA	<b>Joe Farella</b>	jfarella@aafmaa.com	703-707-8028
VA	<b>Steve Galing</b>	sgaling@aafmaa.com	703-397-4601



# AAFMAA Property LLC

**AAFMAA PROPERTY LLC (AP)**, a wholly owned subsidiary of AAFMAA, added to the diversification of AAFMAA's investment portfolio and generated an attractive risk-adjusted rate of return, benefiting all AAFMAA Members. In addition to supporting AAFMAA's investments, AP provides and manages the facilities for AAFMAA operations in Reston, VA and Fayetteville, NC.

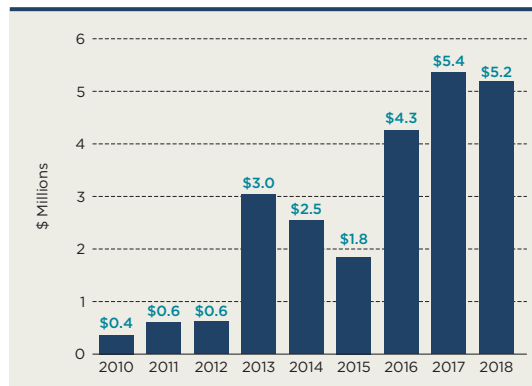


**Charles B. Betancourt, CCIM**  
*Chief Operating Officer*  
*AAFMAA Property LLC*

Throughout the year, AP seeks opportunities that enhance AAFMAA's investment portfolio and provide facilities that support the in-person delivery of AAFMAA's unique products and services to Military Families. AP continued to exceed these goals in 2018 by:

- Securing 100% leasing of a 146,000 square foot office building in Chantilly, VA.
- Completing base-building renovations in a recently purchased Class A office building in Chantilly, VA.

## Funds from Operations



Funds from Operations (FFO) for 2018 totaled \$5.2M, compared to FFO of \$5.4M in 2017. The decline in FFO stems from routine operating expenses incurred during the lease-up phase of AP's most recent purchase, a substantially vacant Class A office building. 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. Throughout 2018, AP continued to attract new tenants and retain their existing tenants. As of December 31, 2018, tenants leased 88% of available space, an increase over last year's 76%.

### CHANTILLY, VIRGINIA



4795 Meadow Wood Lane, Chantilly, VA

### PALM DESERT, CALIFORNIA



36-927 Cook Street, Palm Desert, CA



34130 Gateway Drive, Palm Desert, CA

# AAFMAA Mortgage Services LLC

**AAFMAA MORTGAGE SERVICES LLC (AMS)**, (NMLS 1423968. Equal Housing Lender) began operations in 2016. With the launch of AMS, AAFMAA started providing current and former servicemembers with cost-effective mortgage solutions that may provide financial security and confidence when making one of their largest purchases — their home. AMS also provides refinancing options to help Military Families lower their monthly payments, decrease their interest rates, and/or get cash for home improvements or debt consolidation.

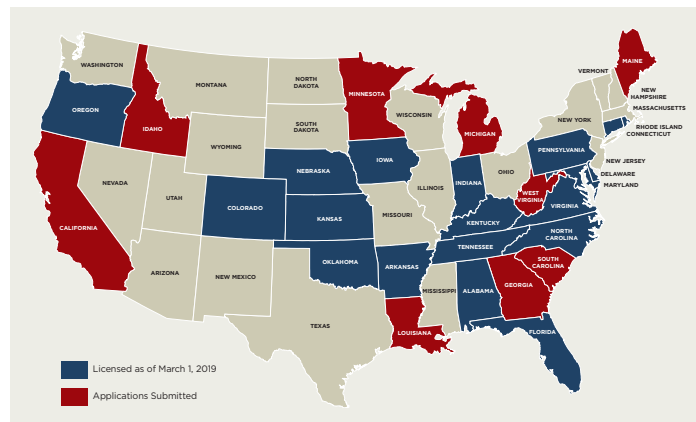
In 2018, AMS completed its second full year of operations by providing competitive mortgage rates, timely closings, and superlative personal service throughout the mortgage process. AMS helped many AAFMAA Members and achieved the following:

- Originated \$42.8 Million of residential mortgages.
- Expanded AMS's presence by becoming licensed in a total of 17 states: AL, CO, CT, DE, FL, IA, IN, KS, KY, MD, NC, OK, OR, PA, RI, TN and VA.
- Provided our unique, proprietary product, Construction Advantage, to help AAFMAA Members build their dream homes. AMS delivered full-service funding and support to Members throughout the construction process and followed up with a permanent mortgage after construction was complete.
- Opened branch offices in Wilmington, NC, Virginia Beach, VA, and Reston, VA, in addition to an existing office in Fayetteville, NC.
- Expanded AMS's team of experienced loan officers who understand the unique aspects of military life and needs of Military Families.

AMS is excited to continue this success into 2019 by providing mortgage solutions that you can count on for all members of the military community. Our state-licensed loan officers understand that each Member has unique mortgage needs and will guide you through the intricacies of the residential mortgage process. Whether it is a VA, FHA, USDA, conventional, jumbo, super jumbo, or other mortgage product, we will figure out what is best to meet your home financing needs.

If you need a mortgage to build or buy the home of your dreams, or refinance your existing mortgage, please call us or visit [aafmaa.com/mortgage](http://aafmaa.com/mortgage) today to get started.

**Jim Malley, CPA**  
*President*  
*AAFMAA Mortgage Services LLC*



**Tiffany McNutt,**  
*Compliance Analyst*  
*for AAFMAA Mortgage Services LLC*

Tiffany is a spouse of an active duty US Army Soldier. She has been with AAFMAA Mortgage Services since 2016. She initially supported the team as a mortgage processor and now works for the compliance team at AMS's Fayetteville office. In her current role, Tiffany helps ensure each Member receives timely and accurate mortgage documents, and has an outstanding experience throughout the mortgage process.



## Stay Informed. Get Support. Be Inspired.

**SPOUSELINK BRINGS MILITARY FAMILIES AND FRIENDS TOGETHER** in a unique space created just for them by AAFMAA. SpouseLink shares newsworthy topics that help MilSpouses stay connected, whether they're across the miles or close to home. Guest bloggers and SpouseLink's partners share everything from financial advice and breaking military news to trending lifestyle tips, fun travel ideas, and personal experiences. If you're a Military Spouse who likes to write or has a story to share, we encourage you to blog with us throughout the year. Together, we'll continue to create original content that helps military spouses and their families stay informed, get support, and be inspired.

### Our community grew by leaps and bounds in 2018

Here's what we've been up to in the past year:

- Our social community is continually expanding. More than 16,485 people follow SpouseLink on Facebook, and we have more than 32,000 average monthly viewers on Pinterest, 1,853 followers on Twitter, 415 followers on Instagram, and a growing community on YouTube.
- SpouseLink bloggers and partners consist of Military Spouses, AAFMAA employees, Veterans and others interested in the MilSpouse community. Everyone who blogs with us can add our Official SpouseLink Blogger badge to their own blogging websites, further promoting and showing pride in the SpouseLink brand.
- In 2018, our eight SpouseLink Ambassadors continued to promote our efforts in military installations across the country by participating in and hosting a variety of events in their communities. They also attended AAFMAA-sponsored events, offered opportunities for Military Spouses to promote their small businesses, mingle and network with others with similar interest, take LINKS classes, and more.



**SpouseLink Ambassadors at the 2018 SpouseLink Retreat**, representing Fort Bragg, NC; Camp Lejeune, NC; MacDill AFB, FL; Fort Carson, CO; Naval Station Norfolk, VA; NAS Jacksonville, FL; Twentynine Palms, CA; and USAG Stuttgart, Germany.

### What's Next?

In May 2019, we will host our 7th Annual SpouseLink Retreat to bring together Military Spouse guests and our amazing SpouseLink Ambassadors from across the country and in Germany. We'll gather for a training session that will help continue to improve and expand the SpouseLink community in new and innovative ways.

### Share Your Story

Are your friends always asking you for advice? Do you have a story about your kids to share? Know something that every other Military Spouse should know? We want to hear from you! Submit your contribution to [spouselinkeditor@aafmaa.com](mailto:spouselinkeditor@aafmaa.com), and be sure to visit us at [spouselink.aafmaa.com](http://spouselink.aafmaa.com).



# AAFMAA in the Community



SpouseLink Ambassador Gisella Mancilla (Camp Lejeune) representing AAFMAA as the Grand Title Sponsor of Marine South 2018 on Camp Lejeune, NC.



AAFMAA Executive Vice President and Secretary BG Michael J. Meese (USA, Ret) with Commandant of the Marine Corps General Robert B. Neller and MajGen Michael Regner (USMC, Ret) at Modern Day Marine 2018 in Quantico, VA.



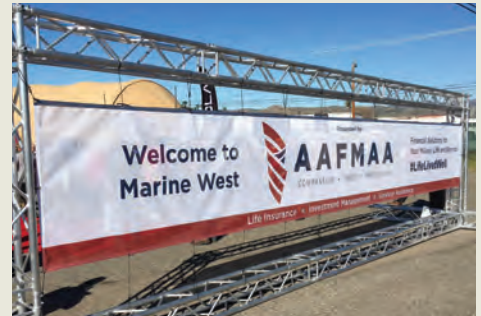
AAFMAA and SpouseLink sponsoring Vet Fest in Colorado Springs, CO, an event that introduces Veterans of all generations to organizations and services tailored to them.



AAFMAA partnered with Team Red White and Blue at the 34th Annual Army Ten-Miler Expo at the DC Armory.



AAFMAA Executive Vice President and Secretary BG Michael J. Meese (USA, Ret) accepting the game ball at the 2018 US Naval Academy football game that AAFMAA sponsored.



AAFMAA was the proud title sponsor for Marine West on Camp Pendleton, CA for the fifth year in a row.



AAFMAA Mortgage Services sponsoring the Neon Night 5K on Fort Bragg, NC.



AAFMAA Assistant Secretary Charlene Wilde and Marketing Coordinator Kathleen Lovito at the 2018 Military Spouse of the Year Town Hall on Bolling AFB in Washington, DC.



SpouseLink Ambassadors Emily Morgan (NAS Jacksonville) and Tara Smith (MacDill AFB) at AirFest 2018 in Tampa, FL.

# VA Claim Award Leaves Member Grateful

As a Member-owned Association, AAFMAA assists servicemembers who have dedicated their lives to keeping America free, safe, and strong. AAFMAA is proud to be part of their journey through life and to offer a helping hand when our Members need us most.

Here is an extraordinary example of the assistance we are proud to provide our AAFMAA Members:

*In 2017, our Veterans Affairs (VA) team was assisting an AAFMAA Member and Vietnam Veteran file a VA disability claim for presumptive Agent Orange conditions. The conditions were well documented and our team thought he had a strong case. At the time, the Member mentioned that he also suffered from back problems related to his service and had undergone surgery. Since evidence to support the back condition was lacking, our VA team advised the Member to submit the Agent Orange claim first, which they did on his behalf in January 2018.*

*Our VA Coordinator subsequently learned from the Member that the VA had adjudicated his Agent Orange claim. Upon reviewing the award letter, she noticed that the VA had also granted service connection for his back condition and related secondary conditions with an effective date of 1997. It turns out that the member had forgotten that he had filed a claim for his back nearly 22 years ago. The new claim, submitted for the Member's Agent Orange conditions, had caused VA to review his claims folder and find the open claim. The award for the Agent Orange claim was over \$35,000. Additionally, as a result of the 1997 claim for his back, the VA awarded him a retroactive payment of over \$230,000. These claims totaled a combined compensation of over \$265,000 – one of the largest single awards we've seen.*

This patient and persistent expert assistance is another striking example of how AAFMAA helps its Members. We were there for that Member when he really needed us, and we'll be there for you, too.

AAFMAA received this Member's permission to share his story so that others may be encouraged to file for the benefits they have earned through their service.

Thank you for your membership.



**102 Sheridan Avenue | Fort Myer, VA 22211-1110**

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

TOLL FREE: 1-800-522-5221 | FAX: 1-888-210-4882

[info@aafmaa.com](mailto:info@aafmaa.com) | [www.aafmaa.com](http://www.aafmaa.com)