

2021

Annual Report



ARMY /// MARINE CORPS /// NAVY /// AIR FORCE /// SPACE FORCE /// COAST GUARD

Where Membership Means More



2021

Annual Report

More to look forward to.

For every turn in the road you faced in 2021, AAFMAA was with you — and we're proud you chose to be with us. Together, we will continue to face the many challenges, opportunities, and successes that lie ahead.

Times will continue to change, but resilience is one of the best qualities of a military family. From buying your first home to settling into your last, and making all the PCS moves in between; from investing in your future to ensuring a lasting legacy for generations yet to come.

With AAFMAA by your side through it all, you'll have the financial security and peace of mind that comes from protecting your family, so you can always look forward with confidence.



Message from the Board Chair and the President

Dear Fellow Members,

We are honored to provide the AAFMAA 2021 Annual Report. You may notice that this year it's different in format, but it includes all the Membership and financial details reported in previous years, now arranged in a more readable format to emphasize how *Membership Means More*. Confronting the COVID-19 pandemic over the past two years has been challenging, but we remained steadfast in our commitment to AAFMAA's mission of helping to ensure the financial security and independence of our Members by providing insurance and other benefits.

The AAFMAA life insurance team was very busy this year serving nearly 100,000 Members and their families, implementing strategies to reduce policy lapses, and issuing 4,122 new policies. Despite a challenging economy in 2021, AAFMAA's investments achieved a net yield on assets of 3.4%. This success has permitted the Board to again approve industry-leading crediting rates on all Whole Life, **ANNUITY**Life®, and Wealth Builder Life Insurance policies of 4.0% or greater, which is remarkable in an era of continued low interest rates.

More Members took advantage of AAFMAA Wealth Management & Trust LLC (AWM&T) and AAFMAA Mortgage Services LLC (AMS) offerings last year. As a result, our wholly-owned subsidiaries posted year-over-year growth of 46% and 26.4%, respectively. In 2021, AWM&T doubled the productivity of the financial planning team and, at year-end, reported over \$924 million in private and institutional Assets Under Management. AMS helped 918 military families in 28 states across the nation secure funding for their homes while providing AAFMAA's hallmark superlative personal service.

You know that AAFMAA *Membership Means More* because you are not just getting great life insurance, exceptional financial planning, expert investment management, or tremendous mortgage services; you have a team that understands the unique aspects of your military service and stands by you throughout all of life's challenges. Nothing better illustrates that than AAFMAA's Survivor Assistance Services team as they helped 1,197 families who lost loved ones in 2021, providing \$87.3 million in death benefits and streamlining the process by which these families received all of their government benefits. When you need us, we will always be there.

On behalf of AAFMAA's 193 employees, thank you for your Membership. We are honored to celebrate 143 years of serving you, your family, and future generations of heroes to come.

Proudly serving our Members,



Dennis J. Reimer
GEN, USA, Ret.
Chair, AAFMAA Board of Directors



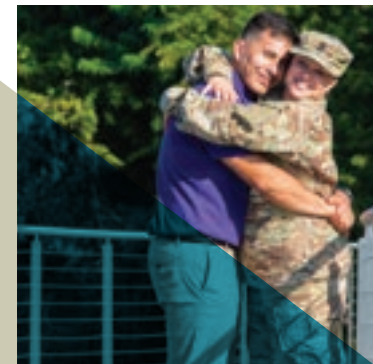
Michael J. Meese, Ph.D., FLMI
BG, USA, Ret.
President, AAFMAA



Dennis J. Reimer
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Board of Directors



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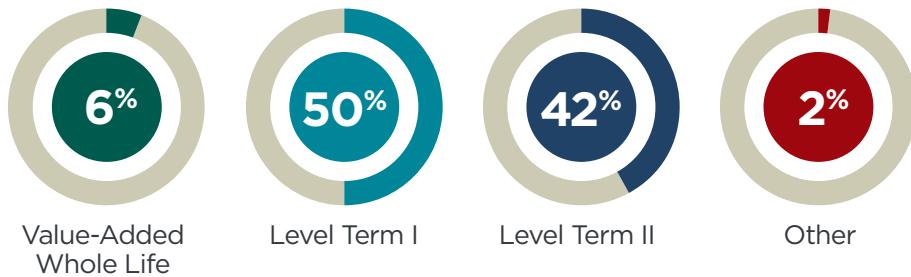
More lives touched.

AAFMAA Life Insurance

Members first, always. Since AAFMAA's founding in 1879, we've never lost sight of the reason we're here — to help military families create a secure financial future. No matter where military life led you and your family in 2021, we helped ensure you received the support, time and attention you needed and deserve from us. See what we accomplished together throughout the year.

Insurance in Force	
Beginning of Year	\$ 24,897,537,295
Insurance Sold	\$ 1,213,089,636
Death Benefit Change	\$ (6,702,146)
Death Benefits Incurred	\$ (87,298,082)
Other Terminations	\$ (1,616,934,643)
End of Year	\$ 24,399,692,060

Coverage Provided (Insurance in Force)



Policies in Force

	# Policies	Percentage
Value-Added Whole Life	44,858	38%
Level Term I	41,135	35%
Level Term II	26,827	23%
Other	3,058	2%
ANNUITYLife®	2,871	2%
Total	118,749	



2021 Member Profile



Lives Insured





696

MEMBERS IMPROVED THEIR
**MORTGAGE TERMS BY
REFINANCING**

528

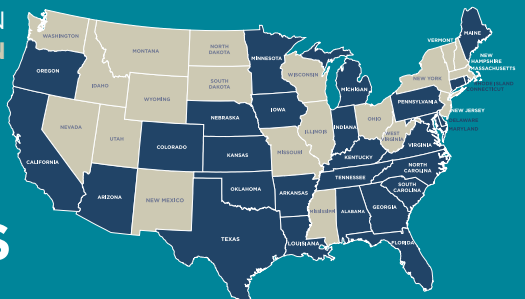
**NEW MEMBERS JOINED
THROUGH AMS**

213

**MEMBERS
PURCHASED HOMES**

MEMBERS CAN
ACCESS AMS IN

28

STATES

9

**MEMBERS
BUILT THEIR
DREAM HOMES**

**MEMBERS BORROWED
\$295.9 MILLION**



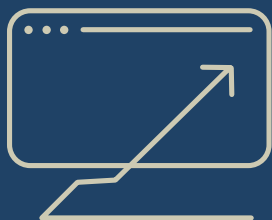
More roots planted.

AAFMAA Mortgage Services LLC (AMS)*

In 2021, Members turned to AMS Military Mortgage Advisors for their expertise in VA Home Loans. Members secured mortgages to build, buy, or refinance their dream homes, first homes or other homes with help from AMS. Military families across the country took advantage of a wide range of low-rate and low-cost mortgage options that enabled them to transition from renting to owning, tap their home equity and get cash out, or achieve other personal financial goals.

*See back cover for disclosures.

\$163 MILLION PRIVATE CLIENT ASSETS UNDER MANAGEMENT IN 2021



15% INCREASE IN
AWM&T CLIENTS

83% INCREASE IN FINANCIAL
PLANNING SERVICES

46% INCREASE IN
CLIENT ASSETS

\$740 MILLION

MANAGED PORTFOLIO OF AAFMAA
EQUITY AND BOND INVESTMENTS

More futures secured.

AAFMAA Wealth Management & Trust LLC (AWM&T)

While military life doesn't always tell you what comes next, AWM&T Relationship Managers helped Members gain that kind of insight in 2021. An essential step to ensuring a solid financial future, they assisted military families looking for financial insights and expertise by providing services such as developing a comprehensive financial plan to investment strategies that could improve their financial outlook for the long term.



8,818

MEMBERS SERVED BY
MEMBER BENEFITS

293
MEMBER FAMILIES
SUPPORTED IN MAKING
VA DEATH CLAIMS

 **142**
VETERANS
RECEIVED VA
CLAIMS ASSISTANCE

MEMBER FAMILIES RECEIVED
\$371,802
IN RETROACTIVE VA PAYMENTS

1,197 MEMBER FAMILIES
SUPPORTED BY SURVIVOR ASSISTANCE SERVICES



28 **40**
MEMBERS PROTECTED MILITARY CHILDREN



469
MILITARY SPOUSES
PROTECTED THEMSELVES
WITH INDIVIDUAL COVERAGE

The SpouseLink Ambassadors—AAFMAA’s military spouse connection to military families—impact more than 2,000 members of their communities each year, sharing the value of AAFMAA through events that support MilSpouse education, community interaction, and friendship-building. In 2021, SpouseLink introduced a new live educational series—hosted by our newest Ambassador representing the Veteran MilSpouse community—expanding our reach beyond active-duty families and facilitating discussion about military retirement and transitions.

More benefits received.

Taking care of your loved ones is the most important thing you do. In 2021, the families of nearly 1,200 AAFMAA Members received the personal care of our dedicated Survivor Assistance Services counselors in their time of loss. You can count on us to help ensure your loved ones will be well cared for in the future. We will be here for them, providing the immediate attention and expertise they will depend on to carry on without you.



AAFMAA Members are the reason we're here, and we strive to deliver superlative personal service to each one. In 2021, more than 1,000 of you used Trustpilot to tell us that we had achieved that level of excellence:



I never knew that something so special like this exists for Veterans and servicemembers.

I am so fortunate to have found this benefit during my time of need. Desperate times calls for rapid response and AAFMAA certainly delivered! AAFMAA has my full support and recommendation.

—Johnathan O.

AAFMAA was extremely helpful when my dad passed away. They sent me all the information and many of the forms I needed to fill out for the various insurance policies and other matters that needed to be completed. I definitely give this organization high marks.

—Cheryl H.

My late husband repeatedly told me, 'If anything happens to me, the first person you call is AAFMAA. They will take care of everything for you.' And when the time came, it was just like he said it would be. He had kept them updated with important information, and when I called, they took the wheel.

—Gwen S.



Statement of Admitted Assets, Liabilities, and Reserves

Statutory Basis for the Year Ended 31 December 2021

Admitted Assets	Market Value ¹ (If Different)	
Fixed Income Securities		
US & Foreign Government Obligations	\$ 54,788,122	\$ 43,273,705
Corporate Bonds	567,079,734	536,058,023
Total Fixed Income Securities		\$ 579,331,728
Real Estate Mortgages		193,354,217
Cash and Cash Equivalents		30,907,100
Equity Securities ²		140,603,573
Investment in Subsidiaries		248,749,782
Accrued Investment Income		8,336,161
Total Investments		\$ 1,201,282,561
Policy Holder Loans		44,952,335
Related Party Receivable, Net		92,602,835
Property and Equipment, Net of Accumulated Depreciation		159,870
Other Assets		1,719,374
Total Admitted Assets		\$ 1,340,716,975
Liabilities and Reserves		
Liabilities		
Death Benefits Payable		\$ 38,210,204
Accounts Payable		3,264,216
Deferred Revenue		1,664,204
Settlement Options Payable		42,384,234
Accrued Post-Retirement Benefits		3,382
Total Liabilities		\$ 85,526,240
Reserves		
Insurance and Other		\$ 993,323,878
War Risk		16,126,441
Interest Maintenance		82,206,356
Contingency Reserve		
Asset Valuation	\$ 53,440,448	
General Contingency	110,093,612	
Total Contingency Reserve		163,534,060
Total Reserves		\$ 1,255,190,735
Total Liabilities and Reserves		\$ 1,340,716,975

¹ 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.

² 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 2021, the cost basis of stocks was \$130,167,646 vs. a Market Value of \$140,603,573.

More returns for Members.

Treasurer's Report

We closed 2021 with a net income of \$1,197,700 and assets valued at \$1,340,716,975. The return on those assets, measured as Net Yield on Assets, was 3.4%.

Although economic and financial uncertainty continued throughout the year as a result of the coronavirus pandemic, AAFMAA maintained its focus on the long run and a view towards meeting obligations many years into the future. As a result, our team was not distracted by short-term market fluctuations and continued to deliver strong performance for our Members.

AAFMAA's Balance Sheet demonstrates a well-diversified portfolio consisting of fixed income, equity, mortgages, and real property. Importantly, unlike many other providers, AAFMAA carries no debt on its balance sheet.

AAFMAA employs a team approach in asset management in accordance with our Strategic Plan: AAFMAA Wealth Management and Trust LLC manages AAFMAA's institutional portfolio of fixed income and equity securities. AAFMAA Mortgage Services LLC manages AAFMAA's commercial mortgage portfolio.

And, AAFMAA Property LLC manages AAFMAA's real estate holdings.

Our financial performance enables us to continue providing industry-leading crediting rates ranging from 4.00% to 4.75% for our whole life products in 2022, a real benefit of Membership.

On behalf of our Finance and Investment Teams, thank you for your Membership. We look forward to another exceptional year in 2022.

Sincerely,



Carlos Perez, Jr., *FLMI*
COL, USA, Ret.
Treasurer, AAFMAA

For a copy of the full, audited Financial Statements, please email finance@aafmaa.com.

Summary Statement of Income

Statutory Basis for the Year Ended 31 December 2021

Income	
Premiums, Dues, Supplemental Contracts	\$ 58,561,001
Net Investment Income and Capital Gains	53,331,912
Amortization of Interest Maintenance Reserve	11,809,915
TOTAL INCOME	\$ 123,702,828
Benefits and Expenses	
Death Benefit Claims	\$ 87,298,082
Less War Claims	\$ 0
Plus Actuarial Adjustment	247,477
Net Death Benefit Claims	\$ 87,545,559
Surrender Benefits	5,724,363
Supplemental Contracts Payments	2,708,173
Insurance Expense	7,351,971
General Administrative and Operation Expenses	16,377,032
TOTAL BENEFITS AND EXPENSES	(119,707,098)
Excess Interest Credited to Policies	(2,798,030)
NET INCOME	\$ 1,197,700

Summary Statement of Cash Flows

Statutory Basis for the Year Ended 31 December 2021

Cash Flows	
Cash Collected for Premiums, Services and Investment Activities	\$ 128,847,243
Cash Used for Vendors, Suppliers and Personnel Related Costs	(57,183,727)
Cash Used to Pay Member Benefits and Services	(87,303,014)
Net Cash Used in Operating Activities	\$ (15,639,498)
Net Cash Provided by Investing Activities	24,161,794
Increase in Cash and Cash Equivalents	\$ 8,522,296
Cash and Cash Equivalents	
Cash and Cash Equivalents, Beginning of Year	22,384,804
Cash and Cash Equivalents, End of Year	\$ 30,907,100

More dedication to those who serve.

As an AAFMAA Member, you already know that *Membership Means More*. Please share your AAFMAA experience with others in your military community. Together we can help them achieve their unique financial goals.

www.aafmaa.com

1-800-522-5221



AAFMAA Mission

To help ensure the financial security and independence of the members of the American Armed Forces Community by providing insurance and other benefits.

AAFMAA Board of Directors

The AAFMAA Board of Directors is comprised entirely of fellow AAFMAA Members who represent the Membership at large. They have distinguished service in the Army, Marine Corps, Navy, and Air Force. The Board is not compensated for its work on behalf of the Members. Board Members focus on strategic planning, succession planning, and policy. Directors are elected to four-year terms by the Membership each spring at the Association's Annual Meeting and are eligible for reelection for a total of three possible terms.



DENNIS J. REIMER

GEN, USA, Ret.
Chair, Board of Directors*
Executive Committee



JOHN A. DUBIA

LTG, USA, Ret.
Chair, Membership Committee*
Executive Committee



WILLIAM M. MATZ, JR.

MG, USA, Ret.
Chair, Finance Committee*
Executive Committee



JANICE M. HAMBY

RADM, USN, Ret.
Vice Chair, Membership Committee
Chair, IT Subcommittee



ELISABETH J. STRINES

Col, USAF, Ret.
Vice Chair, Finance Committee
Chair, Audit Subcommittee



ROBIN H. BOUDIETTE, JR.

CW3, USA, Ret.
Membership Committee
IT Subcommittee



JOHN G. FERRARI

MG, USA, Ret.
Finance Committee
IT Subcommittee



JONATHAN D. GEORGE

Brig Gen, USAF, Ret.
Membership Committee



GEORGE L. HORVATH

CSM, USA, Ret.
Membership Committee



DAVID G. REIST

BGen, USMC, Ret.
Membership Committee
Audit Subcommittee



ROBERT W. SCHRODER

Lt. Col., USMC, Ret.
Finance Committee



GUY C. SWAN

LTG, USA, Ret.
Membership Committee



MICHAEL J. MEESE, Ph.D., FLMI

BG, USA, Ret.
President, AAFMAA*
Executive Committee



*EX-OFFICIO MEMBER OF ALL COMMITTEES

Senior Management

MICHAEL J. MEESE, Ph.D., FLMI
BG, USA, Ret.
President, AAFMAA

CARLOS PEREZ, JR., FLMI
COL, USA, Ret.
Treasurer, AAFMAA

JERRY QUINN
LTC, USAR
Chief Operating Officer and Secretary, AAFMAA

CHARLENE WILDE, FLMI, ACS
Senior Vice President and Assistant Secretary, AAFMAA

STEPHEN C. MANNELL, JR., CTF
LTC, USA, Ret.
President, AAFMAA Wealth Management & Trust LLC

JEFF J. HAVENER
President, AAFMAA Mortgage Services LLC

CHARLES B. BETANCOURT, CCIM
Chief Operating Officer, AAFMAA Property LLC

TIANA FALLAVOLLITA
Vice President, Human Resources, AAFMAA

KEVIN A. KINCAID
Chief Marketing Officer, AAFMAA

NIRA SERPA, CPA
Controller, AAFMAA



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AAFMAA Mortgage Services LLC

Mortgage services provided by AAFMAA Mortgage Services LLC (AMS), a wholly-owned subsidiary of AAFMAA. AMS is available for the financing of residential property in the states listed on our Legal & Licensing page (<https://www.aafmaa.com/mortgage/legal-licensing>). All loans are subject to credit approval and other criteria. Refinancing your mortgage may result in higher finance charges over the life of the loan. Physical address: 1 Copley Pkwy, Suite 420, Morrisville, NC 27560. Lender NMLS: 1423968, <https://www.nmlsconsumeraccess.org/>, Equal Housing Lender, Veteran Affairs (VA) approved lender #668521-00-00; not endorsed or sponsored by the Department of Veterans Affairs or any government agency. For more, go to: <https://www.aafmaa.com/mortgage/disclaimer>

AAFMAA Wealth Management & Trust LLC

Financial Planning, Investment Management, and Trust Services provided by AAFMAA Wealth Management & Trust, a North Carolina Limited Liability Company wholly owned by AAFMAA. Physical address: 639 Executive Place, Suite 200, Fayetteville, NC 28305.

Information provided by AAFMAA Wealth Management & Trust LLC is not intended to be tax or legal advice and we encourage you to seek guidance from your tax and legal advisors. Past performance does not guarantee future results. Investments are not FDIC or SIPC insured, are not deposits, nor are they insured by, issued by, or guaranteed by obligations of any government agency or any bank, and they involve risk including possible loss of principal.

Contact Us

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Fayetteville, NC 28305

1 Copley Pkwy, Ste 420
Morrisville, NC 27560

AAFMAA

Members rank us

4.7 out of 5 stars

on Trustpilot.



Want to share your opinion? Find us at
www.trustpilot.com/evaluate/www.aafmaa.com.

