

2023
ANNUAL REPORT

celebrating
145 YEARS

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



LIFE INSURANCE

WEALTH MANAGEMENT

MORTGAGE

MEMBER BENEFITS

SURVIVOR ASSISTANCE

When we were needed, we were there.

The AAFMAA of today is quite different from the AAFMAA of 145 years ago.

In 1879, when the Army Mutual Aid Association was established as a benefit society for the US Army, some 300 Soldiers joined. Life insurance policies were available exclusively to US Army officers, and families of fallen military members received less than \$2,000 each.

In the intervening years, AAFMAA has evolved, serving military families through both World Wars, Korea, and Vietnam, conducting our first annual meeting on the premises of our current home at Fort Myer in Arlington, VA (1954). In later years, we opened access to more branches and ranks, supporting servicemembers through the wars in Iraq and Afghanistan, and adopting our current name, American Armed Forces Mutual Aid Association (2013).

Now fast-forward to 2024, where AAFMAA Membership is available to the personnel and families of all military branches with up to \$1 million of life insurance; where we protect over 97,000 current servicemembers, retirees, Veterans, and their

families; where our military-focused financial solutions have expanded to include mortgage and wealth management services; and where the families of fallen Members have received over \$1.2 billion in benefits since 2001.

In short, a lot happens in 145 years.

Yet after all that time, and all those changes, AAFMAA remains the longest-standing nonprofit association exclusively serving the US military community. Just as we've stood the test of time, we've stood beside our Members and their families in times of victory, times of hardship, and times when other insurance providers wouldn't.

For newly enlisted, those currently serving, Veterans, MilSpouses, and the children and grandchildren of servicemembers — for 145 years, we've been there for their needs, their hopes, their dreams.

And we always will be.

Message from the Board Chair and the President

Dear Fellow Members,

We are pleased to share this Annual Report with you, which **celebrates the past, while always looking toward the future**. AAFMAA takes great pride in its mission of helping you and your military family grow your financial security by providing you with life insurance, financial solutions, and other benefits tailored exclusively for you.

Your AAFMAA Membership connects you to our 145-year legacy of taking care of the American Armed Forces community. Through wars, political uncertainty, and economic volatility, AAFMAA's commitment to Members has been unyielding, always adapting to change while upholding the values and principles that have defined our legacy. Throughout our history and especially in 2023, AAFMAA has offered exceptional life insurance, wealth management, financial planning, mortgage services, and many other much-needed Member benefits.

In 2023, we protected nearly 97,000 Members and their families with over \$23 billion in life insurance, including over 5,400 new policies issued last year. Our exclusive Survivor Assistance Services ensured that the families of more than 1,000 Members who died in 2023 received \$72 million in life insurance benefits and all the military, VA, and other benefits they earned. We aided 300 Members in receiving \$1.2 million in VA benefits, including many under the new PACT Act, which addresses exposure to airborne toxins. These efforts, detailed on pages 2-3, continue our historical commitment "to aid the families of deceased servicemembers in a prompt, simple, and substantial way."

Despite challenging financial markets, AAFMAA's long-term investment focus, as reflected in our financial statements on pages 6-7, provided important returns for our Members. Our Net Yield on Assets of 3.4% enabled us to increase our crediting rates to up to 5.1% on AAFMAA's whole life, Wealth Builder Life Insurance, and **ANNUITYLife**® policies for 2024. Your AAFMAA life insurance now earns not only a highly competitive crediting rate, but those returns remain untaxed until you cash surrender the policy — and they are completely tax-free in most cases when paid as a death benefit.

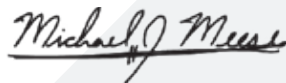
While looking to the future, AAFMAA Wealth Management & Trust LLC (AWM&T) and AAFMAA Mortgage Services LLC (AMS) continue to provide valuable benefits for our Members. AWM&T served 258 Members, developing, reviewing, and updating 42 financial plans that helped them invest over \$177 million in assets. AMS provided over \$77 million in home mortgages to 252 AAFMAA Members. As you can see on page 5, each of these subsidiaries always stands ready to enhance your financial wellness.

We are passionate about leading the way to financial security through more resources, more support, and more insights on how to manage your wealth and care for your family. We look forward to serving you and your family — now and in the future.

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



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.

Always focusing on what's best for you and your family.

Every year, AAFMAA Members count on us for the financial solutions that will help support their families for generations.



The families of every AAFMAA Member

who passed away in 2023 received **exclusive Survivor Assistance Services** providing compassionate support and informative guidance in their time of loss.

1,000+

families received Survivor Assistance Services

\$81.9M

Member benefits delivered

More Members ensured that their families were better prepared by storing their essential documents securely in their **free Members-only Digital Vault** where they remain accessible from anywhere, anytime.

1,100+

new Members used their Digital Vault



With the support of AAFMAA resources focused on helping younger Member families make successful personal finance decisions, more military couples **recognized the importance of having life insurance for both spouses.**

11,000

MilSpouses have bought their own policy



Although being prepared for death is not an easy thing to think about, it's one of the things we handle best. In 2023, military community members gained access to our **Military Survivor Checklist** — a new resource developed to help protect and prepare their families for the eventual loss of a loved one. It ensures they know the steps needed to claim the military benefits their servicemember earned.

11,686

visits to our Military Survivor Checklist downloadable



Accessing military benefits and being ready for what comes next was easier for Members who upgraded their Membership to include **AAFMAA's Premier Services.**



300

Members received VA claims assistance

\$900,000

in VA benefits were paid to survivors

\$300,000

received in retroactive VA payments



145 YEARS

of military families helping military families

Every current AAFMAA Member is part of our 145-year legacy of military families helping military families. All the Members who came before them played a critical role in ensuring the Association would continue providing benefits to future Members. While Membership starts with a family's protection and peace of mind, it also enables AAFMAA to support the next generation of military servicemembers and Veterans who will earn all the same benefits of Membership.

2023 HIGHLIGHTS

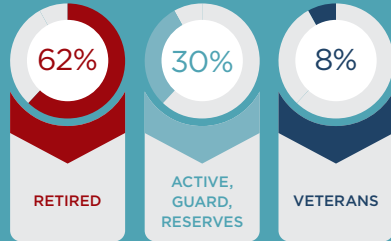


\$23.7B
Insurance in Force

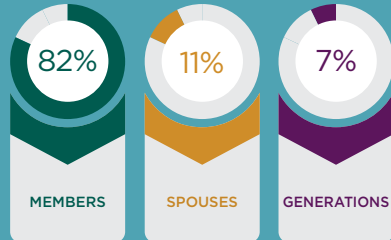
\$1.5B
New Insurance

3,400
New Members

79,744
Total Members



97,238
Lives Insured



1,600
New Career Assistance Program Loans

Always seeing the whole picture.

AAFMAA's long legacy of supporting military spouses and families as their financial solutions provider, an employer, and through our SpouseLink community continues. We remain dedicated to our mission and to offering the necessary flexibility military spouses need as part of our work teams. In return, we benefited from their contributions and were proud to celebrate our SpouseLink community's 10th anniversary of supporting, informing, and inspiring military spouses around the world through impactful blog content, ongoing event sponsorships, and outreach.

<p>11 active-duty military spouses currently on staff</p>	<p>Comprehensive personnel policies in place supporting military spouse team members</p>
<p>40+% employees have direct military family affiliation</p>	<p>154 educational and benefit-related articles published</p>
<p>29K+ SpouseLink blog views</p>	<p>18 SpouseLink Live sessions hosted</p>
<p>993 MilSpouse and Generations Plus policies sold</p>	



Always taking opportunities to serve you better.

AAFMAA has truly added value by helping servicemembers, and their families, understand the path to financial readiness throughout their careers, ensuring they are all well prepared for life beyond service.

- CSM (R) David Hubler,
Director of Government
Relations at GSOF

AAFMAA Members received more new benefits last year through our ongoing commitment to create new, meaningful military community partnerships.

AAFMAA's financial education program, **Foundations to Financial Success**, which focuses on budgeting, saving, and protecting Members' money, is regularly available to Member families and provides trusted advice from a reliable resource to continue their financial journey. In 2023, we delivered this program through our partnerships with Vets2Industry, The Pillar Foundation, Global Special Operations Foundation (GSOF), SOF for Life, Special Operators Transition Foundation, and Military Special Operations Family Collaborative, helping strengthen servicemembers' financial fitness.

Our work with the GSOF expanded AAFMAA's reach, enabling us to provide crucial information about achieving financial security and independence, equipping our military community with knowledge and tools they need to build a more secure future.

Additionally, AAFMAA continued to have a broader impact with like-minded military non-profit organizations by renewing Group Term insurance coverage for several existing organizations and extending new group coverage to several new organizations as well.

50+
educational
events



27
partners



53,375
virtual
live session
engagement

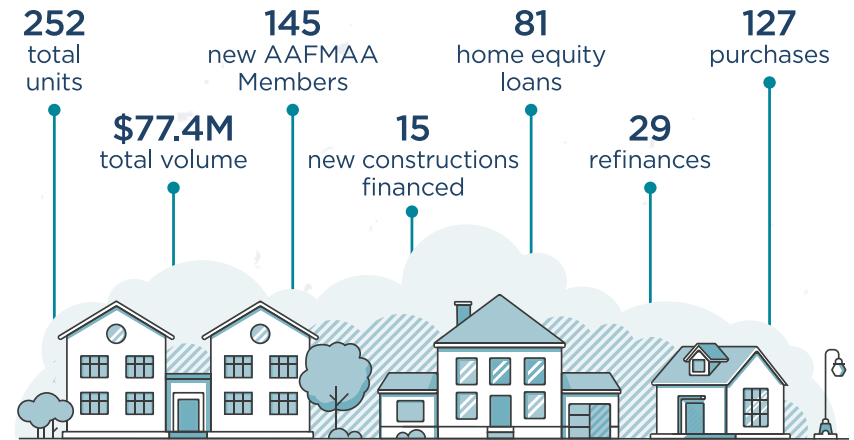


... helping you feel at home.

I had a great experience working with AAFMAA to refinance my house after a divorce. They were awesome!! It was a quick and smooth process!... My loan officer made it the best loan process I have ever done!... I will always use AAFMAA for any mortgage needs.

- T.C.

Throughout 2023, mortgage interest rates remained volatile, causing uncertainty around home buying and selling. However, AAFMAA Members counted on AAFMAA Mortgage Services LLC (AMS) to stand by them with the advice and guidance they needed to navigate the challenging market. AMS provided solutions to help homeowners access the equity in their homes to consolidate debt or make home improvements. We were also there to assist Members who purchased or built their new homes.



... making the most of what you've earned.

40+ years of amazing service — investment planning a huge plus! I have been a long-term Member of AAFMAA... for insurance coverage. My wife and I are... amazed at the professional level of support... provided for all aspects of our financial life including our investment portfolio. [AWM&T'S] breadth of advice is all we could hope for... at a very reasonable investment fee.

- Alan Y.

Military families work hard and overcome extraordinary challenges in service to our country. In 2023, AAFMAA Wealth Management & Trust LLC (AWM&T), as a fiduciary, provided custom financial plans and precision investment management strategies with the superlative personal service that Veterans deserve. Even more Members trusted AWM&T to maximize their hard-earned resources and safeguard their financial futures in what resulted in a good year for the financial markets.



258

Members entrusted AWM&T to manage **\$177M** of their assets held in **618** investment accounts

42

Members received superlative service through the financial planning process

\$568M

of AAFMAA insurance assets under management



Always overcoming challenges with resilience.

AAFMAA finished 2023 with a net income of \$166,404 and \$1.292 billion of admitted assets as reflected on the accompanying charts. AAFMAA's Net Yield on Assets was 3.4% in 2023, which represents an increase from 3.1% in 2022.

Due to rapidly rising interest rates and substantial economic uncertainty, 2023 was a challenging year financially. As interest rates rose, sales of our interest-sensitive products, such as Wealth Builder Life Insurance, declined and some Members surrendered their policies to pursue higher rates elsewhere. In the first quarter of 2023, AAFMAA recorded investment losses related to the regional banking crisis while unrealized losses in AAFMAA's bond and equity portfolios limited our flexibility to reposition assets and capitalize on higher interest rates.

CONTINUES ON NEXT PAGE

Statement of Admitted Assets, Liabilities, and Reserves

Statutory Basis for the Year Ended 31 December 2023

Admitted Assets	Market Value ¹ (If Different)	
Fixed Income Securities		
US & Foreign Government Obligations	\$ 27,369,529	\$ 34,917,108
Corporate Bonds	417,619,775	465,502,216
Total Fixed Income Securities		\$ 500,419,324
Real Estate Mortgages		210,267,105
Mezzanine Real Estate Loans		54,844,168
Cash and Short-Term Investments		14,664,438
Equity Securities ²		52,598,377
Investment in Subsidiaries		259,455,185
TOTAL CASH AND INVESTMENTS		\$ 1,092,248,597
Accrued Investment Income		8,994,576
Policyholder Loans		44,160,973
Related Party Receivable, Net		145,906,578
Property and Equipment, Net of Accumulated Depreciation		144,291
Other Assets		189,493
TOTAL ADMITTED ASSETS		\$1,291,644,508
Liabilities and Reserves		
Liabilities		
Death Benefits Payable		\$ 35,753,409
Accounts Payable		1,866,859
Premiums Received in Advance		1,190,820
Settlement Options Payable		39,726,461
TOTAL LIABILITIES		\$ 78,537,549
Reserves		
Insurance and Other		\$ 1,046,850,349
War Risk		3,012,032
Interest Maintenance		62,800,201
Contingency Reserve		
Asset Valuation	\$ 47,303,808	
General Contingency	53,140,569	
Total Contingency Reserve		100,444,377
TOTAL RESERVES		\$ 1,213,106,959
TOTAL LIABILITIES AND RESERVES		\$ 1,291,644,508

¹ AAFMAA is required to report on a statutory accounting basis, not a GAAP basis. In accordance with AAFMAA's Constitution, market values are also reported.

² Under statutory reporting, equity securities are "marked to market," therefore the admitted asset value of equity securities equals market value. As of 31 December 2023, the cost basis of equity securities was \$61,695,971.

During the second half of 2023, we improved our financial position substantially. Cash surrenders decreased as the interest rate environment stabilized and we made further efforts to retain insurance policies. AAFMAA continued to actively manage operating expenses despite inflationary pressure. As markets recovered, unrealized losses declined and AAFMAA shifted assets into higher yielding securities while maintaining duration and credit quality. Our investments in commercial mortgages continue to yield over 6% and represent an important part of our diversified portfolio.

In summary, we remained resilient and realized positive net income despite significant economic headwinds in 2023. We continue to focus on long-term results and maintaining well-diversified investments with no debt. AAFMAA's Members can be confident in our commitment to financial excellence.

Sincerely,



MARK H. MATSUURA, CPA
Chief Financial Officer & Treasurer, AAFMAA

For a copy of the full, audited financial statements, please email finance@aafmaa.com.

AAFMAA Cares.
AAFMAA always provides concerned, caring, attentive, responsive, effective, timely response to all inquiries and questions about all their offered products and services. I have been a Member for over 50 years, and I have always felt assured that they had my best interests at heart.

- Max

”

Summary Statement of Income

Statutory Basis for the Year Ended 31 December 2023

Income		
Premiums, Dues, and Supplemental Contracts	\$ 50,938,575	
Net Investment Income and Capital Gains	43,087,448	
Amortization of Interest Maintenance Reserve	7,174,216	
TOTAL INCOME		\$ 101,200,239
Benefits & Expenses		
Death Benefit Claims	\$ 72,022,916	
Less: War Claims	0	
Net Death Benefit Claims	\$ 72,022,916	
Surrender Benefits	7,710,541	
Supplemental Contracts Payments	2,446,194	
Insurance Expense	(4,545,175)	
General Administrative, Operational and Other Expenses	20,947,262	
TOTAL BENEFITS AND EXPENSES		\$ 98,581,738
Excess Interest Credited to Policies		2,452,097
NET INCOME		\$ 166,404



Always leading with experience.



The AAFMAA Board of Directors provides great experience and guidance within our organization. As a non-compensated group of Association Members, the Board is dedicated to providing oversight on policy, succession planning, and strategic planning. These distinguished retired servicemembers from the Army, Marine Corps, and Air Force are elected to four-year terms by the Membership at the Association's Annual Meeting each spring and are eligible for a total of three terms. The Board plays a pivotal role in shaping the future of the Association, ensuring AAFMAA can serve for generations to come.

AAFMAA Board of Directors

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Chair, Board of Directors*,
Executive Committee

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

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

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Vice Chair, Finance Committee, Chair,
Audit Subcommittee, ERM Committee

ROBIN H. BOUDIETTE, JR.

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Vice Chair, Membership
Committee, ERM Committee

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Finance Committee

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Membership Committee

MICHAEL J. MEESE, PH.D., FLMI

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

*EX-OFFICIO MEMBER
OF ALL COMMITTEES

AAFMAA Senior Leadership

MICHAEL J. MEESE, PH.D., FLMI

BG, USA, Ret.
President, AAFMAA

MARK H. MATSUURA, CPA

Chief Financial Officer and
Treasurer, AAFMAA

JERRY QUINN, FLMI, ACS

COL, USAR
Chief Operating Officer
and Secretary, AAFMAA

CHARLENE WILDE, FLMI, ACS

Senior Vice President and
Assistant Secretary, AAFMAA

STEPHEN C. MANNELL, JR., CTFA

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

MITCHELL TURNER, PMP

Chief Information Officer, AAFMAA



Always keeping you informed.

When buying life insurance... for your whole family feels like a Christmas gift, you are doing something right! I feel at ease, and we are all getting coverage at an incredibly affordable rate. We also applied for the CAP Loan to pay off a high-interest rate credit card, which will save us money per month and in the long run.

- Deidre W.



TRANSITION
TIMELINE



SURVIVOR
CHECKLIST



SUBSCRIBE
TO AAFMAA



AAFMAA is more than just extraordinary life insurance, personalized financial solutions, and exclusive Survivor Assistance Services. Each year we strive to produce high-value, informative, and educational resources to help members of the military community navigate military benefits and their personal finances more easily. 2023 was no exception as we added downloadable resources, including a comprehensive Military Transition Timeline and a Survivor Assistance Checklist to aid family readiness, on top of dozens of related articles available on the AAFMAA website.

AAFMAA Members automatically receive access to our premium content by simply using their Member Center login on **aafmaa.com**. Non-Members can enjoy the same premium content by subscribing for free at **aafmaa.com/subscribe**. Members and Subscribers both can count on being among the first to hear about new military benefits, to receive our latest personal finance tips, and to learn about innovations we're making to the AAFMAA Member experience. They can even curate the content they receive by telling us their preferred topics of interest.

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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. See www.yourmilitarymortgage.com/legal-licensing for state licensing and for the Texas Consumer Complaint Notice. 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, NMLS Consumer Access (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.

AAFMAA Wealth Management & Trust LLC

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

Information provided by AWM&T 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.

The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.

AAFMAA Members rank us 4.6 out of 5 stars on Trustpilot.



Share your Membership experience at trustpilot.com/evaluate/www.aafmaa.com.

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