

AAFMAA

Advantage

THE ARMY AND AIR FORCE MUTUAL AID ASSOCIATION NEWSLETTER

WINTER 2012

AAFMAA & DAV Team Up Again to Help Disabled Veterans

On 13 October 2012, AAFMAA had the pleasure of hosting the Disabled American Veterans (DAV) Mobile Service Office (MSO) at our Reston, Virginia campus. The DAV brought out their fantastic staff, members of the Arlington-Fairfax Chapter 10, and assisted dozens of veterans and their families. The DAV's Mobile Service Office was on-hand to facilitate claims and offer truly professional expertise and assistance.



For more information
about the DAV,
or to make a donation,
go to www.dav.org.



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AAFMAA Contacts

General

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

AAFMAA *Life Insurance*

Insurance Sales

Sales Direct toll-free phone: 1-877-398-2263
E-mail: membership@aafmaa.com

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

Direct toll-free phone: 1-800-336-4538
E-mail: policyservices@aafmaa.com

AAFMAA *Financial Advisors*

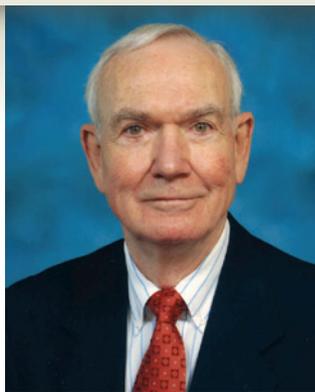
(Death claim processing, vault documents, VA
representation, benefits counseling, Family
Information Report (FIR))

Toll-free phone: 1-800-522-5221, option 2
E-mail: MemberServices@aafmaaFinancial.com

AAFMAA *Wealth Management & Trust*

(Financial Planning, Investment Management Trust
Administration)

Toll-free phone: 1-800-351-9002
E-mail: WealthManagement@aafmaa.com



Message To Members

Donald M. Babers
Lieutenant General, US Army, Retired
Chairman of the Board

As we come to the close of another year, I thank all members for your continued trust in AAFMAA. I'm so pleased to be part of our growing Association. The last year's expansion includes membership eligibility, now inviting all of the American Armed Forces – Air Force, Army, Coast Guard, Marine Corps and Navy – to become part of the AAFMAA family. Allowing all of our service members and families who protect and serve our country to take advantage of the tremendous products and services AAFMAA offers.

Most recently, in May 2012, AAFMAA created AAFMAA Wealth Management & Trust (AWM&T), a limited liability company, wholly-owned by AAFMAA. AWM&T provides financial planning, investment management and trust services to AAFMAA members and their families. The Senior Management of AWM&T has an average of over 30 years experience in the trust and investment field. We've heard your requests for these services and are delighted to offer them now. AWM&T is headquartered in Fayetteville, North Carolina with a Virginia office at AAFMAA's Reston, VA campus. For more information, please call AWM&T directly at 1-800-351-9002.

We remain committed to growing membership, adding relevant products and services for members and families and taking personal care as we guide survivors through a most difficult time in their lives. Our Survivor Assistance

Services are like no other. The personal attention, care and empathy the staff exhibits day after day is what makes me proud to be a member myself. Letters like the following are received at AAFMAA on a regular basis. I share only one of many.

Dear Lyne,

I wanted to let you know how grateful I am to you personally, and to AAFMAA in general, for the incredibly efficient and kind support you have given me at this terribly sad time. Everyone has been so helpful and patient with me; Paula, Sarah as well as Sherry and Melaney.

Each person helped me so very much, at a time in my life where I was incapable of handling my own affairs and needed help, which was given generously and pleasantly. It is wonderful to find that there are people in this world that are so nice to others in need.

Thank you all from the bottom of my heart,

Maria F.

It remains my privilege to serve as Chairman of the Board of AAFMAA. I thank you again for your trust and sincerely hope you enjoy your holidays.

Respectfully,

Donald M. Babers

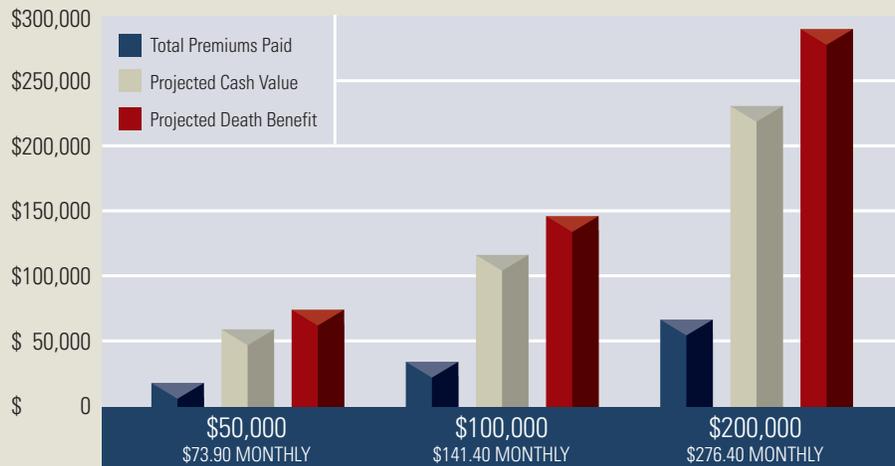


6.8% Crediting Rate for 2013!

AAFMAA's 2013 crediting rate for Value-Added Whole Life and **ANNUITY** Life policies is 6.8%! If you don't already own a whole life policy from AAFMAA, now is the time to look. The following chart shows you how this crediting rate can influence the cash value and death benefit over time.

VALUE-ADDED WHOLE LIFE 35 YEAR PROJECTION

Issued at age 45, 20 year payment plan, projected crediting rate of 6.8%, NOT guaranteed and subject to change.



Coverage Amounts and Monthly Premiums • 20 Year Payment Plan

Subject to complete terms and conditions of the policy.

**Call a Membership Coordinator today
for a free quote and Value Projection**

1-877-398-2263

or visit

www.aafmaa.com

and click on "Get a Quote."

It's that easy.



It's crucial to report the death of a military retiree promptly.

AAFMAA **Members! Have** **your family call** **AAFMAA first**

Realizing that the loss of a loved one is a difficult time, officials at the Defense Finance and Accounting Service (DFAS) stress that it's crucial to report the death of a military retiree promptly.

Upon notification, DFAS will stop monthly payments to prevent any overpayment. Since the eligibility for retirement pay benefits ends on the date of death of the retiree, prompt notification will help avoid delay and possible financial hardship to surviving beneficiaries, family members or executors, who will be required to return any unearned military retirement payments.

For survivors of AAFMAA members, this process is easy. Call us at **1-800-522-5221** to report the death of the member and we'll do the rest. We will report the death to DFAS and make sure payments are stopped. We will help you get all the proper and necessary paperwork filled out. We will guide you through this difficult and sometimes confusing time.

Members, tell your spouse and/or family members to make the call to AAFMAA immediately upon your demise. This is why you've joined. This is what we're here for.

What you need to know about “Arrears of Pay”

Arrears of Pay (AOP) is a one-time payment made by DFAS to a beneficiary after your death.

This payment will include:

- The pro-rated amount of your final month’s pay, and
- Any other money owed to you at the time of your death

In most cases, the AOP will include the pro-rated amount of your final month’s retirement pay because your entitlement to retirement pay ends on the date of your death. Once DFAS receives report of your death, they will reclaim your final month’s pay and perform an audit of your account to compute the amount to be given to your beneficiary.

WHY IS THIS IMPORTANT TO KNOW?

When there is no beneficiary designated (on a DD Form 2894) for AOP by the retiree, the AOP payment is made in what is called “Order of Precedence.” The first in order is the surviving spouse, followed by children and their descendants, father and mother (in equal parts), legal representative, and finally a person entitled under the law of the deceased retiree’s domicile. In many cases, this may be what the deceased intended, with the surviving spouse receiving the payment. However, if you wish for someone specifically to receive the payment, it is best to file the DD Form 2894 with DFAS. This can also eliminate any delays in getting payments made as DFAS has exact instructions. The AOP Designation supercedes any designations in a will, so it is important to file if you have specific instructions. Your AOP Beneficiary will also be the person

It’s important to designate a person you trust to handle your affairs.



DFAS contacts for assistance in closing your account, so it’s important to designate a person you trust to handle your affairs.

To designate an AOP beneficiary, follow these simple steps:

1. Complete a Designation of Beneficiary Information form (DD 2894).
2. Sign and date the form. (Unsigned and undated forms will not be processed.)

3. Mail or fax the form to:

DFAS U.S. Military Retired Pay
 P.O. Box 7130
 London, KY 40742-7130

Fax: 800-469-6559

Go to <http://www.dtic.mil/whs/directives/infomgt/forms/eforms/dd2894.pdf> to download DD Form 2894.

Go to <http://www.dfas.mil/retiredmilitary/provide/aop.html> for more information about AOP.

The Disciplined Investor – Avoiding Destructive Behavior

Why is it that the typical individual investor never seems to do as well as the market? The answer is simple; most investors cannot control their emotions and as a result engage in self-destructive investor behavior.

The individual investor buys when the investing environment is strong and prices are high and then sells when the environment is weak and prices are low. Historical studies of investor behavior support these findings. A recent study by Dalbar (Quantitative Analysis of Investor Behavior, March 2012) found that from 1992 to 2011, the average stock mutual fund returned 8.2% per year while the average individual stock mutual fund investor returned only 3.5% per year. Why the difference? The average investor engaged in self-destructive behavior driven by emotions of fear and greed. Investors engaged in destructive behaviors such as pouring money in to the latest asset fad, or trying to time the market, or avoiding the areas of the market that have performed badly expecting that this poor performance will continue indefinitely.

So what is the latest self-destructive behavior that many investors are doing now? We at AAFMAA Wealth Management & Trust believe that investors have abandoned stocks in favor of bonds. This behavior is a



“We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful.”

WARREN BUFFETT

“Individuals who cannot master their emotions are ill-suited to profit from the investment process.”

BENJAMIN GRAHAM

mirror image of the mistake that investors made during the period 1998–2000. During that period, investors clamored for stocks, especially internet stocks, and shunned bonds. Everyone wanted stocks, no one wanted bonds. Today, it is just the

opposite; investors want only bonds and are ignoring stocks. This can be seen in the large differential in money flows between bond funds and stock funds. According to the Investment Company Institute, between January 2008 and December 2011, investors



poured \$780 billion into bond funds and withdrew \$401 billion from stock funds. What were investors doing during the year 2000 just as the market was peaking? You guessed it; they poured \$260 billion into stock funds and withdrew \$450 billion from bond funds.

So are we saying that investors should sell all of their bonds and buy stocks? No, we are not. We're saying investors need to determine what their target asset allocation (the mix between stocks, bonds, cash, etc.) should be and keep to that allocation. Only through a disciplined investment approach that includes rebalancing by selling out-performing areas of the market and purchasing under-performing areas can investors obtain long-term wealth. Succumbing to emotions and engaging in self-destructive behavior such as avoiding a specific asset class will not result in long-term investing success.

For more information on how AAFMAA Wealth Management & Trust can help you with Financial Planning, Investment Management, and Trust Administration, contact us at:

1-800-351-9002

(910) 307-3500

for our **Fayetteville, NC** office

(703) 707-8020

for our **Reston, VA** office

WealthManagement@aafmaa.com.

*We are pleased to announce
the opening of*



at

**639 Executive Place, Suite 202
Fayetteville, NC 28305**

and

**1856 Old Reston Avenue, Suite 201
Reston, VA 20190**

With Financial Planning,
Investment Management, and Trust Services,
AAFMAA Wealth Management & Trust
can help you define your financial life goals and
develop a realistic plan to help achieve them.

Please call our

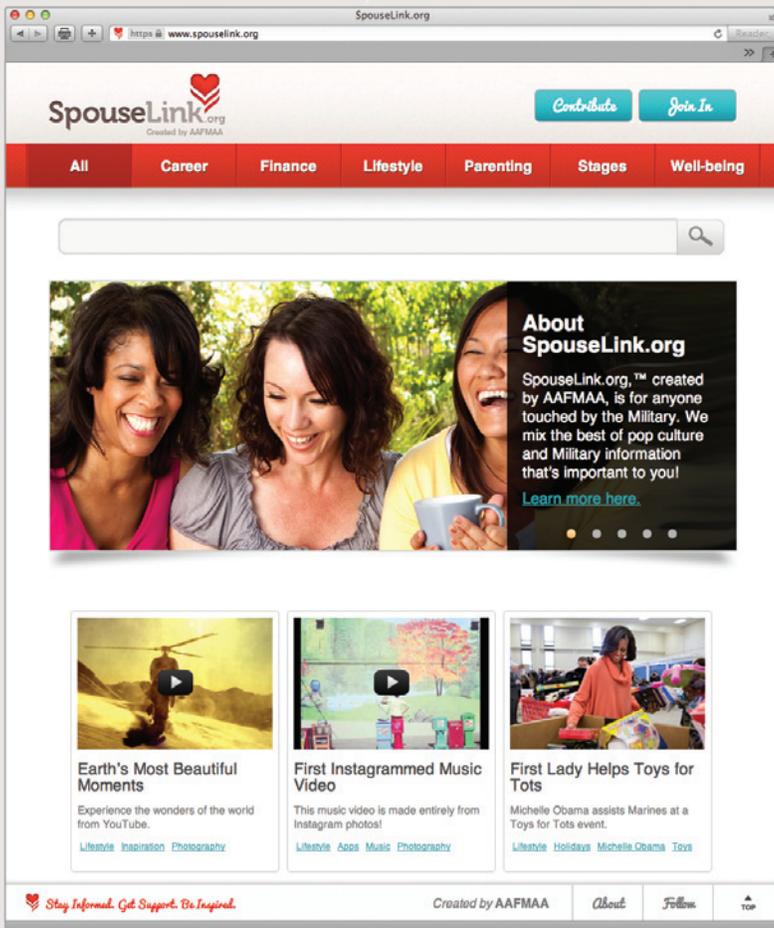
Fayetteville office at **(910) 307-3500**, or

Reston office at **(703) 707-8020**.

Emails can be sent to

WealthManagement@aafmaa.com

SpouseLink.org™

AAFMAA created **SpouseLink.org™** to inform, support, and inspire young military spouses. It's the first website of its kind that mixes the best of pop culture with important military information from across the Web.

SpouseLink.org™ provides a wealth of content in a visual, fun way. Best of all, everyone is invited to contribute.

Spread the word!

Stay Informed. Get Support. Be Inspired.

Created by AAFMAA

www.aafmaa.com

www.SpouseLink.org

