



AAFMAA

advantage

An Army and Air Force Mutual Aid Association Newsletter • February 2010

Deploying?

Take time to make sure they're covered...

With the increase of deployments in 2010, it's important to make sure that you take the time to review your life insurance coverage before you deploy. Some companies may limit the amount of coverage that is available in a war zone, or have exclusions for war deaths. Many commercial companies may not even cover military members at all due to the hazardous nature of their jobs and deployments.

With everything that deployment involves, make the worry about financially providing for your family if something happens to you go away by making sure you have the proper amount of life insurance coverage. For many, the \$400,000 of SGLI they have is not enough to meet all the financial needs of their family. Adding some additional life insurance to what you have with SGLI may be the answer. AAFMAA can help you review your current coverage and make sure your family is adequately covered. We cover deploying soldiers and airmen, up to our maximum coverage amount of

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Adding some additional life insurance to what you have with SGLI may be the answer.

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From Walter R. Lincoln, CFP®

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Message to Members

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

Despite the troubled economy, 2009 was another great year at AAFMAA. The Association's tremendous growth benefits all members. AAFMAA continues to grow and prosper by relentlessly focusing on our three economic imperatives:

- Controlling Costs,
- Selling More Policies, and
- Investing Wisely

We've been able to control costs by constantly reviewing all procedures to achieve efficiencies through automation wherever possible. However, not everything makes sense to be automated. For example, retaining an employee on the AAFMAA reception desk helps us keep AAFMAA special in an often too impersonal world. Our commitment to superior customer service has not wavered. Our members and prospective members can always reach a human being during office hours.

Members trust us to do the right thing and be the right choice. That's why we continue to sell more policies. Existing members, their families, and new members continue to see the value AAFMAA offers by purchasing more policies. We pride ourselves on always being one of the lowest cost providers of life insurance to the military community. AAFMAA provides our members the best product at the best price. That way, AAFMAA is the obvious first choice for your insurance needs.

AAFMAA never forgets that it's your money when we invest. By following a disciplined, quantitative investment policy, we're constantly trying to measure relative value to balance the potential reward with the risk. By using relative value analysis we try to achieve good solid returns year after year. As a result of this steady approach, the Board was able to maintain the crediting rate for Value-Added Whole Life policies at 7% for 2010.

We can never emphasize enough... **Please help spread the word about AAFMAA.** Share the opportunity with your fellow service members, friends, and family. Word of mouth is still our best form of advertising. As our membership and policy base grow, every member benefits.

It is truly an honor to serve as your President and Treasurer and to lead a uniquely talented staff dedicated to serving every member.

Sincerely,

AAFMAA Contacts

Membership and Insurance Sales

Toll free: 877-398-2263
Local: 703-522-3060
Fax: 703-522-1336
email: membership@aafmaa.com

Application Processing

Toll free: 866-4AAFMAA
(866-422-3622)
Local: 703-522-3060
Fax: 703-528-2662
email: applications@aafmaa.com

Underwriting

Toll free: 866-4AAFMAA
(866-422-3622)
Local: 703-522-3060
Fax: 703-526-1670
email: underwriting@aafmaa.com

Policy Services

(payments, loans, LTCSO,
beneficiaries, settlement options)

Srey Seng-Im, Team Leader

Toll free: 866-4AAFMAA
(866-422-3622)
Local: 703-522-3060
Fax: 703-526-1671
email: policyservices@aafmaa.com

Death Notification

Toll free: 800-522-5221
Local: 703-522-3060

Senior Management

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Assistant to the President

Tiana Fallavollita

Vice President for Marketing and Sales

Lisa G. Milman

Vice President for Insurance

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Controller

Florence B. (Maggie) Wilson, CPA

Secretary

Tom E. Hargis

Website

www.aafmaa.com

Canceling Your Life Insurance Policy To Save Money? **Not A Wise Choice.**

When times are tough, like in our currently struggling economy, everyone seems to be trying to figure out a way to lower their monthly expenses. Eliminating food, clothing, or housing is not practical as these things are needed on a daily basis to survive. What some people often consider is to eliminate the items they feel are not necessary, like life insurance. What happens though, if the policy is cancelled while your family is already struggling and then you pass away? Your family will be left in an even more precarious position that may lead them to extreme financial hardship. You don't want that to happen.



If your monthly premium is just too high, you may look at lowering your coverage amount to make the payments more affordable.

Now may even be a great time to put your money into more insurance. AAFMAA's term insurance provides a large amount of coverage for a relatively small monthly cost. For those under 50 (nicotine users under 40), you can get an \$800,000 Level Term I policy for only \$35 per month! And, our \$50,000 Level Term I policy is only \$2.95 per month. Even if it only covers you for a short while, this may be enough.

With AAFMAA you know you are already paying the lowest prices around for your insurance. Don't let your AAFMAA policy be the item you eliminate. There are other options. If your monthly premium is just too high, you may look at lowering your coverage amount to make the payments more affordable. Also, if you have a Value-Added Whole Life policy, you can consider borrowing

against your cash value when times are tough.

Alternately, you can look at the little things in life that can be avoided and when added up amount to your AAFMAA monthly premium. When

considering a \$250,000 Level Term I policy at \$13 per month, there are certainly ways to save the money elsewhere. But where can you have the protection of \$250,000 in the event of your death for so low a cost?

Make Sure They're Covered

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\$800,000. Make sure to tell your friends too. You wouldn't want them to leave their families unprotected.

AAFMAA can assist you with a review to help determine what may be the right amount and type of coverage for you. And if you are on active duty and applying for Level Term I, you may qualify for AAFMAA's Jet Issue, which doesn't involve providing a physical and other medical test results. Call a Membership Coordinator for more details on this option at 1-877-398-2263. *Not everyone will qualify for Jet Issue.*



Can Your Children Afford College Without You?

If something were to happen to you or your spouse, would your children still be able to afford to attend college? Planning now may go a long way in ensuring they will be able to go to college even if you are no longer with them. To the right are average college prices for 2009-2010 according to collegeboard.com.

Using the 2009-2010 rates, the total cost of a four-year private college education, tuition only, would be around \$105,000. Once you add in room, board, other necessities and annual price increases, the cost can be even more staggering. Make sure that, in addition to the plan you have to finance your child's college education while you are living, you have a plan in case something happens to you. Purchasing a term life insurance policy from AAFMAA may be the right solution for you. Our term policies range in coverage amounts from \$50,000 to \$800,000 and can last to age 50 or 40 (for our Level Term I depending on nicotine status) and up to 30 years with Level Term II. Call a Membership Coordinator for additional information toll-free at 1-877-398-2263 or go online to www.aafmaa.com for instant information and quotes.

PRIVATE FOUR-YEAR

\$26,273 (up 4.4% from last year)

PUBLIC FOUR-YEAR

\$7,020 (Up 6.5% from last year)

PUBLIC TWO-YEAR

\$2,544 (Up 7.3% from last year)

ROOM AND BOARD

Average from \$377-\$420 more than last year, depending on type of college

AVERAGE SURCHARGE FOR FULL-TIME OUT-OF-STATE STUDENTS AT PUBLIC FOUR-YEAR INSTITUTIONS

\$11,528

NOTE: Cost figures are from the College Board's *Trends in College Pricing 2009*, *Trends in Student Aid 2009* and *Education Pays 2007*.

Give Your Kids A Leg Up

With AAFMAA's Low-Cost Level Term I Insurance

For children and grandchildren ages 18 – 23, Level Term I is a very low-cost way to get them started with life insurance. Level Term I is a great low-cost term life insurance policy designed to remain constant in premium and coverage amount until age 50 (40 for nicotine users). Premiums begin at \$2.95 per month for a \$50,000 policy and go up to \$35 per month for an \$800,000 policy. Level Term I also includes an option to convert the policy before age 48 (38 for nicotine users) to a Five Year Renewable Term policy with no medical underwriting. The policy can also be converted to Value-Added Whole Life (permanent insurance) at any time without medical underwriting. New premiums would be established at the time of conversion.

| COVERAGE AMOUNT | MONTHLY PREMIUM |
|-----------------|-----------------|
| \$50,000 | \$2.95 |
| \$100,000 | \$5.90 |
| \$200,000 | \$11.00 |
| \$300,000 | \$15.00 |
| \$400,000 | \$19.00 |
| \$800,000 | \$35.00 |

face amount. At age 55 (45 for nicotine users), the coverage reduces to 20% of the original face amount and at age 60 (50 for nicotine users), the coverage terminates. See the chart above for sample premiums. For more information and an application, please contact a Membership Coordinator toll-free at 1-877-398-2263 or apply online through our Get a Quote system at <http://www.aafmaa.com/lifeinsurance/getaquote/default.aspx>.

A Very Low-Cost Way To Get Them Started With Life Insurance.

At age 50 (40 for nicotine users), the Level Term I premium remains constant but the coverage amount reduces to 27% of the original



Have You Moved? Did You Tell Us?

You may not have your AAFMAA life insurance on your mind in the middle of a move, but it is extremely important that you notify us when your address and other contact information changes. Your mailing address, email address and phone numbers are all ways that AAFMAA uses to reach out to its members and policy holders to notify of important policy related information. This is how premium billing is done, in addition to your AAFMAA newsletter, Annual Statement, Annual Report, etc. Many of our mail pieces are returned either with an updated address, or as undeliverable. The Support Services team spends a great deal of time inputting new addresses, trying to track down new addresses and marking records undeliverable. Since a large part of our Membership is very mobile, simply by the

nature of military life, we understand frequent moves and address changes. To help reduce the cost of those changes to AAFMAA, the members and policy holders, we ask that you remember us the next time you move, change your email address or phone number. We have an online form for Change of Address (to include phone numbers and email addresses) that is available on our website 24/7. Please feel free to go to the Member Center at www.aafmaa.com and submit your changes online. We will take the action necessary to update your record, so we can keep in contact with you throughout the years. We realize you may not be thinking much about your life insurance policy after the initial purchase, but it is crucial that we know how to get in touch with you for any important policy notices, changes, etc.

Apply Online!

We make it simple! Apply for AAFMAA life insurance online. AAFMAA is now accepting online applications through the Get a Quote results page. Simply go to www.aafmaa.com, get a quote for the policy type and coverage amount you desire and apply online. On the quote results page you will see a red "Apply" next to the policy premium. Click on "Apply" and begin the process. It shouldn't take more than about 10 – 15 minutes to complete depending on how much information you have at hand when applying. If you want to submit your completed application online with a credit card for deposit, you can do so electronically. The application and credit card information will be sent electronically (and securely!) to AAFMAA and a representative will contact you for all remaining information. We will still need a copy of your identification and any supporting documents, like medical information, in order to complete the processing of your application.

One of the benefits to using the online application process is legible information, complete applications (you cannot skip a required section!) and quick, electronic submission using a digital signature. If you do not wish to submit

We Make It Simple!



with an electronic signature and your credit card information, you can still complete the entire application online, print it out and fax toll-free to 1-888-210-8201, scan and email to membership@aafmaa.com or mail to AAFMAA at 102 Sheridan Ave, Ft Myer, VA 22211.

AAFMAA Begins Use Of The “Auto-Dialer”

In a continuing effort to maintain contact with members and policy owners, and to assist in avoiding interruption or lapse of coverage, in December 2009, AAFMAA added an additional step of notification for premiums due. An automated notification process, called auto-dialer, lets members know when their policy payments are overdue.

If a policy premium is delinquent, a billing notice is generated by the administration system. If this premium is not paid, a reminder notice and reminder email is generated the following month. The next notification step if a premium remains unpaid is the auto-dialer system. The auto-dialer calls the member’s phone number on record 15 days prior to the policy’s lapse date and provides a recorded message indicating the person needs to contact AAFMAA about policy payment. The message is as follows.

“This is AAFMAA, the Army and Air Force Mutual Aid Association, calling. In order to avoid a loss of coverage, please contact our Policy Services Department toll-free at 1-800-522-5221. Please press the number 3 from the menu. Our number again is 1-800-522-5221. Please call now to avoid a loss of coverage.”

Unfortunately, because of privacy issues, the message cannot be more specific than it is. If you receive this message, please be sure to contact AAFMAA right away to get

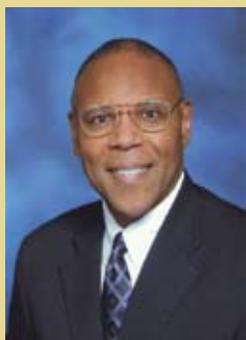


An automated notification process... lets members know when their policy payments are overdue.

your billing issue resolved. If no payment is made after the auto-dialer is generated, the next notification to the member or policy owner is the lapse notice indicating coverage has lapsed due to non-payment.

Should we have a situation where you think the payment and the billing notice have crossed in the mail, don’t hesitate to check the status of your account via the AAFMAA Member Center, <https://connect.aafmaa.com>. If you have any questions about your policy payments, or would like to know more about the auto-dialer, please contact Policy Services at 1-800-522-5221. Press the number 3 from the menu.

Congratulations to AAFMAA Director, Maj Gen Larry Spencer!



Maj Gen Larry O. Spencer

Maj Gen Spencer has been selected for promotion to Lieutenant General and reassignment as Director, Force Structure, Resources and Assessment, Joint Staff, the Pentagon, Washington, D.C. While this promotion is wonderful news for Maj Gen Spencer, DoD policy prohibits active duty Lieutenant Generals and Generals from serving on the boards of companies that focus their business on military personnel. As a result, Maj Gen Spencer has resigned from AAFMAA’s Board. It has been our privilege and honor to have received his support. Since joining the Finance Committee in 2006, his participation has served to enrich AAFMAA as a whole. Additionally, Maj Gen Spencer’s presence has certainly helped AAFMAA tell its good story to the Air Force community! AAFMAA will always welcome his continued input. We wish him great success!



AAFMAA
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Arlington, VA

***Deploying? Make Sure
They're Covered.***

Apply Online.

***Can Your Children Afford
College Without You?***

AAFMAA's Expansion Plans Continue

As previously reported in AAFMAA's newsletters and Annual Reports, AAFMAA continues to develop expansion plans to build upon our existing services. Living Services and Survivor Assistance Services are currently administered through an outsourced contract. Eventually AAFMAA will offer a complete array of financial advisory services. In 2009, AAFMAA formed a wholly-owned subsidiary, AAFMAA Financial Advisors LLC, to fulfill this important mission. On 1 July 2010, AAFMAA Financial Advisors will provide Living Services to AAFMAA's Grandfathered members and Survivor Assistance Services to the surviving widows and widowers of deceased AAFMAA members. We have been implementing a multi-phase transition plan, including the addition of key personnel and modernization of existing systems to ensure a seamless transition.

***Eventually
AAFMAA will
offer a complete
array of financial
advisory services.***

***As we add new
services, we will
keep the AAFMAA
membership
informed.***

AAFMAA Financial Advisors will be located at the AAFMAA Financial Center in Reston, Virginia. Initially, their focus will be on providing Living Services and Survivor Assistance Services. Gradually, AAFMAA Financial Advisors will evolve into a full-service financial planning entity. A series of focus groups, members surveys, and sample test cases have confirmed the desire and need for new services. As we add new services, we will keep the AAFMAA membership informed. Please continue to look for notifications from AAFMAA about this exciting new venture. Additional information, including individual notifications containing important contact information, will be sent to all Grandfathered members and surviving widows/widowers in the near future.