



AAFMAA

advantage

An Army and Air Force Mutual Aid Association Newsletter • November 2009



Who's Eligible for AAFMAA Membership and Insurance?

Applicants become AAFMAA members when they meet medical requirements and are issued a life insurance policy on their own life. Members can then purchase additional policies for themselves, their spouse, children and grandchildren. Our policies have no war, no aviation and no terrorism clauses. Unlike SGLI, after leaving the military, members can keep and buy more AAFMAA insurance. AAFMAA's Survivor Assistance Services are included with all member policies.

Membership Eligibility

- ▶ Army or Air Force personnel who are:
 - Active Duty (or within 120 days after separation)
 - Guard or Reserve (Full or Part Time)
 - USMA and USAFA Cadets
 - ROTC Contract/Scholarship Cadets
- ▶ Army and Air Force Retirees (through age 65)
- ▶ Honorably discharged veterans residing in Virginia, North Carolina, South Carolina or Maryland

Life Insurance Eligibility

- ▶ Members and spouses (age limits are dependent upon product selected)
- ▶ Member's children and grandchildren 6 months through age 17 (whole life only)
- ▶ Member's children and grandchildren ages 18-23 (whole life and Level Term I)
- ▶ Widows of deceased members (for themselves and children/grandchildren of member)

Members with Level Term I get term life insurance of up to \$10,000 per dependent child under age 21 at no additional cost.

ALL AAFMAA policies have NO war, NO aviation and NO terrorist clauses.

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Message to Members

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

Dear Fellow AAFMAA Members:

As the year draws to a close, it is again my pleasure to address the membership and wish you and yours a Happy Holiday Season! While 2009 has been a tumultuous year for most Americans, through our resolve and careful stewardship of funds, AAFMAA continues to grow stronger and provide financial protection for members and their families. At AAFMAA, we have welcomed record numbers of new members to the Association this past year and continue to achieve all time highs in insurance in force, policies in force and lives insured.

AAFMAA understands what it takes to maintain a successful operation. We continually automate internal systems where possible to deliver better, more efficient customer service. Earlier this year we added an automated, online application submission system to the AAFMAA website which allows applicants to transmit their application and deposit directly to AAFMAA. The online application system also includes a referral section to submit information for eligible friends and/or family that you would like us to contact. We continue to update the AAFMAA website to make it even more interactive and user friendly. Please visit www.aafmaa.com and check out the new features as they come on line.

As always, spreading the word about AAFMAA to those who could benefit is one of the best things you can do to help our Association grow. As a member, it benefits you and all members to expand the membership and spread the operating costs among more and more people. Please let your friends know about AAFMAA; help your family and theirs. Again, Happy Holidays to all and here's to a prosperous 2010.

Sincerely,

Donald M. Babers

“As a member, it is a benefit to you and all other members to bring on new members and spread the operating costs out among more and more people.”

LTG Babers, Chairman

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: policeservices@aafmaa.com

Death Notification

Toll free: 800-522-5221

Local: 703-522-3060

Senior Management

President and Treasurer

Walter R. Lincoln, CFP®

Assistant to the President

Tiana Fallavollita

Vice President for Marketing and Sales

Lisa G. Milman

Vice President for Insurance

Brady M. Gruler, FLMI

Controller

Florence B. (Maggie) Wilson, CPA

Secretary

Tom E. Hargis

Website

www.aafmaa.com

Survivor Assistance Services— A Great Member Benefit

Included with every member's policy and membership are AAFMAA's Survivor Assistance Services. These services are designed to assist the member's surviving family, most often the surviving spouse, upon the member's death. The following are included in your Survivor Assistance Services.

- 1. Expeditious payment.** Death benefit is usually initiated on the day AAFMAA receives the death certificate. Settlement options are provided and paid upon selection by the beneficiary.
- 2. Claims initiation plus continuous follow-up.** Notification to government agencies and life insurance companies, initiation of claims process, and assistance to surviving family in completing and forwarding claim requests for prompt receipt of benefits. Continuous follow-up to ensure that the full benefit is paid.
- 3. Claims representation plus follow-up in disputes.** Initial inquiries and follow-up work in claims disputes.
- 4. Lifetime individualized benefit notification.** Notification of changes in laws impacting survivor benefits, e.g., new eligibility criteria under Agent Orange regulations, restored Social Security and educational benefits in special cases.
- 5. Social Security notification.** Notification of possible income change when spouse reaches age 60, 62 and 65, and when children approach ages 16 and 18.



- 6. Financial Awareness Service.** Information about existing holdings in response to family member questions, including an assessment of their financial position.
- 7. Annual statement of spouse entitlements.** A personalized report of the spouse's entitlements and annuities.

Make sure your spouse is aware that these services are available in their time of need. To report a death, please call AAFMAA toll-free at 1-800-522-5221 and follow the prompts.



Don't Forget to Tell Us!

Each time AAFMAA does a member mailing of an AAFMAA newsletter, Annual Statement, Annual Report, etc, many of our envelopes are returned either with an updated address, or as undeliverable. Our 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 active duty life, we understand frequent moves and address changes. To help reduce the cost of those changes to AAFMAA, and ultimately the members and policy holders, we ask that you remember us the next time you move. We have an online form for Change of Address that is available on our website 24/7. Please feel free to go on to the Member Center 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.

Term Insurance from AAFMAA

Level Term I

Designed generally for non-nicotine users age 45 and under (nicotine users age 35 and under), AAFMAA's Level Term I policy is a great supplement to Service members Group Life Insurance (SGLI). See chart below for a sample of monthly premium rates.

Coverage Amount	Monthly Premium	Coverage Amount	Monthly Premium
\$ 50,000	\$ 2.95	\$400,000	\$19.00
\$100,000	\$ 5.90	\$500,000	\$23.00
\$200,000	\$11.00	\$600,000	\$27.00
\$250,000	\$13.00	\$700,000	\$31.00
\$300,000	\$15.00	\$800,000	\$35.00

Spouses are also eligible for Level Term I coverage at the same low rates.

Get \$50,000 to \$800,000 of coverage in \$5,000 increments and pay a premium that stays constant for the life of the policy. The death benefit remains level to age 50 (40 for nicotine users), decreases to 27% of the initial face amount at age 50 (40 for nicotine users), decreases to 20% of the initial face amount at age 55 (45 for nicotine users) and terminates at age 60 (50 for nicotine users). Those desiring continued coverage can convert 100% of the initial face amount to Five Year Renewable Term

prior to age 48 (38 for nicotine users). From age 48 to 57 (38 to 47 for nicotine users), only a portion of the initial face amount can be converted to Five Year Renewable Term. These conversion options are guaranteed regardless of health. There is also a conversion option to Value-Added Whole Life insurance. This option is allowed for the face amount in force at the time of conversion without additional medical underwriting. New premiums are established at time of conversion based upon the insured's age and nicotine status.

Thanks to AAFMAA's favorable mortality figures, 10% partial premium refunds have been paid annually on eligible non-nicotine policies, making this policy even more affordable. Refunds are NOT guaranteed, however, refunds have been paid every year since inception of the plan in 1997.

Here are a few of the best features of this policy:

- ▶ Individual low-cost coverage up to \$800,000
- ▶ Can continue after separation/retirement from the military
- ▶ NO war, NO aviation and NO terrorist clauses (on ALL AAFMAA policies)
- ▶ No coverage limitations based on rank or deployment status
- ▶ Up to \$10,000 coverage, at no additional cost, for eligible children with the member's policy
- ▶ Children/grandchildren age 18 – 23 are also eligible for coverage

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Permanent Insurance Offerings

Value-Added Whole Life

Protection that grows!

Enjoy level premiums PLUS INCREASING cash value and death benefit over the life of the policy! Coverage is available in \$10,000 increments up to \$800,000. After costs are deducted monthly, the remaining premium accumulates and earns interest, compounded monthly and tax-deferred.

A history of above average crediting rate

AAFMAA is a non-profit, tax exempt organization with minimal operating expenses and no sales force working on commissions. Professional investment management and a conservative long-term perspective generate consistently high returns. Our 2009 crediting rate is 7.0%. This rate is established annually based on investment performance and is NOT guaranteed.

Payment plans to fit your life

You select a payment plan to fit your financial needs. Accelerated payment plans such as single premium, 7, 20 and 30 year plans provide faster policy pay-up and greater growth of cash value and death benefits. Monthly, quarterly and annual premium payment options are available.

Long Term Care Settlement Option

Those who meet medical requirements may convert death benefits into regular periodic payments before death to defray long term health care costs.

Satisfaction Guaranteed

If you cancel a whole life policy, AAFMAA will refund the cash value or the total premiums paid, whichever is GREATER, with no surrender charges.

Generations Plus

Generations Plus is a whole life insurance policy for children ages 15 days through 12 years. The initial coverage amounts available to purchase are \$10,000, \$15,000, \$20,000, \$25,000 and \$30,000. The premiums are very low and at age 21, the initial coverage amount **doubles** automatically with **NO INCREASE IN PREMIUM!** See below for monthly premiums.

ISSUE AGE	INITIAL COVERAGE AMOUNT				
	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000
Under 1**	\$6.40	\$9.60	\$12.80	\$16.00	\$19.20
1	\$6.40	\$9.60	\$12.80	\$16.00	\$19.20
2	\$6.40	\$9.60	\$12.80	\$16.00	\$19.20
3	\$6.40	\$9.60	\$12.80	\$16.00	\$19.20
4	\$6.50	\$9.75	\$13.00	\$16.25	\$19.50
5	\$6.70	\$10.05	\$13.40	\$16.75	\$20.10
6	\$6.90	\$10.35	\$13.80	\$17.25	\$20.70
7	\$7.10	\$10.65	\$14.20	\$17.75	\$21.30
8	\$7.40	\$11.10	\$14.80	\$18.50	\$22.20
9	\$7.60	\$11.40	\$15.20	\$19.00	\$22.80
10	\$7.90	\$11.85	\$15.80	\$19.75	\$23.70
11	\$8.20	\$12.30	\$16.40	\$20.50	\$24.60
12	\$8.50	\$12.75	\$17.00	\$21.25	\$25.50

**minimum age of 15 days

So, a \$10,000 policy issued at age 5 for \$6.70 per month, would automatically double to \$20,000 when the insured turns 21 without an increase in premium. You would now have double the coverage for the same premium you've been paying!

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***For over 130 years AAFMAA
has been there for members and their
families in their time of need.***

Permanent Insurance

Generations Plus

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Additionally, the policy offers three guaranteed purchase options; at ages 21, 25 and 28, where you can purchase up to four times the initial face amount each time. Premiums are determined at the time of application. These options are guaranteed issue, with no medical underwriting or physical exams. That means that with an initial \$10,000 policy, you could end up with \$140,000 of coverage at age 28 without additional medical underwriting! See the example on the right.

AGE	COVERAGE AMOUNT				
At Issue Age	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000
At Age 21	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000
<i>(initial coverage automatically doubles with no premium increase)</i>					
At Age 28	\$140,000	\$210,000	\$280,000	\$350,000	\$420,000
<i>(exercising all guaranteed options – premiums increase)</i>					

So, if you're looking for a way to give your children or grandchildren some financial security, Generations Plus is worth a look. Contact a Membership Coordinator today toll-free at 1-877-398-2263 for more information or go to the Member Center and login to access the Generations Plus application. Get started today!

ANNUITYLIFE

ANNUITYLife is a specially designed Net Single Premium Value-Added Whole Life policy, generally for older members who may not meet AAFMAA's medical underwriting requirements, but wish to purchase a policy with the option to annuitize the cash value. The Insured may choose to annuitize the cash value immediately upon approval, at a later time, or never. The policy has a guaranteed crediting rate of 4% (4.5% less 0.5% charge for mortality and expenses, but enjoys AAFMAA's current crediting rate for 2009 of 7% (NOT guaranteed and subject to change). All **ANNUITY**Life policies are Modified Endowment Contracts (MECs) and subject to TAMRA rules. You should consult a tax professional if this is a concern to you.

No medical records or physicals are required. The Insured must not be in a hospital, confined to a bed, or have a known terminal illness expected to result in death within two years of issue. The policy is subject to standard two year contestability and suicide clauses.

The Net Single Premium rate is \$817 per \$1,000 of coverage, so the minimum policy amount available of \$10,000 would cost \$8,170 in a one-time payment. The life insurance policy remains in force until the owner cashes surrenders it, annuitizes the cash value or dies. Once one of these events happens, the life insurance policy is terminated and paid out. If it has been annuitized, then the payments are calculated and based upon payment until age 100.

For more information and an application for **ANNUITY**Life, contact a Membership Coordinator.



The more our members know about life insurance the more they appreciate its value!

Term Insurance

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Level Term II

Level Term II is a great policy for short and long-term needs and/or for those 35 and over. For those who can medically qualify, it is a great, low-cost alternative to Veterans Group Life Insurance (VGLI). AAFMAA premiums are significantly less, especially the older the insured. For example:

\$400,000 of coverage		
20 years of VGLI, starting at age 45*	20 years of Level Term II, starting at age 45**	Savings with AAFMAA
\$55,920	\$9,840	\$46,080

*VGLI cost calculated using the monthly premiums effective 1 July 2008.

**Based upon AAFMAA's Male, Super Select (BEST) non-nicotine rates. Rates may be higher after medical underwriting.

Level Term II offers a level premium and death benefit for the life of the policy. Level Term II policies must be issued for a minimum of 5 years to a maximum of 30 years, not to exceed age 85, regardless of rate classification.

Pick the amount and the term for one low fixed premium.

Complete flexibility. You select the coverage amount in \$5,000 increments from \$50,000 to \$800,000. You tell us how many

years you want it (minimum of 5 years and maximum of 30 – although coverage cannot last past age 85). You get one rate that will NEVER increase for the life of the policy. For example:

10 Year Level Term II, Non-Nicotine User, Super Select Monthly Rates

Issue Age	Coverage Amount					
	\$100,000		\$250,000		\$500,000	
	Male	Female	Male	Female	Male	Female
45	\$8.90	\$8.90	\$14.75	\$14.75	\$24.50	\$24.50
50	\$11.00	\$10.90	\$20.00	\$19.75	\$35.00	\$34.50
55	\$18.00	\$14.40	\$37.50	\$28.50	\$70.00	\$52.00
60	\$25.80	\$19.20	\$57.00	\$40.50	\$109.00	\$76.00

Rates that reward good health.

Level Term II offers a level premium that never increases and a death benefit that never decreases. After medical underwriting review, you may qualify for one of six premium classifications: Super Select, Select, Standard, Class I, Class II, or Class III.

Super Select is for non-nicotine users in excellent health who lead a healthy lifestyle and whose parents and siblings have or had no genetic or familial health problems. Height and weight guidelines apply.

Select is for nicotine users and non-nicotine users in good health.

Standard is for nicotine users and non-nicotine users who have some medical/weight conditions.

Class I, II and III are for nicotine users and non-nicotine users who have multiple medical/weight conditions.



Generations Insurance— Don't Miss Out!

We have had a great response from members inquiring about purchasing life insurance coverage for their children and grandchildren. Here are the highlights of what's available:

- ▶ **Value-Added Whole Life** – permanent insurance for children/grandchildren ages 6 months through 23 years. Coverage from \$10,000 to \$800,000.
- ▶ **Generations Plus** – permanent insurance for children ages 15 days through 12 years. Initial Coverage from \$10,000 to \$30,000 in \$5,000 increments. Coverage amount automatically doubles at age 21 with no increase in premiums. Future guaranteed purchase options at ages 21, 25 and 28.
- ▶ **Level Term I** – term insurance for children/grandchildren ages 18 through 23. Coverage from \$50,000–\$800,000. A great low-cost way to get your children started with life insurance.

Please see the other articles about AAFMAA's products in this newsletter for more information, or contact a Membership Coordinator toll-free at 1-877-398-2263 or locally (VA) 703-522-3060. They are available from 8:30 am–7:00 pm, Monday through Friday, Eastern time. You can also get quotes online 24/7 at www.aafmaa.com.



Finding the Right Solution for You



Do you need term insurance, whole life or both? Should you do a shorter term or a longer term? How do you know what the right policy is for your needs? Do you even need any more life insurance? AAFMAA's Membership Coordinators are here to help find just the right solution for you. Whatever your situation may be – just married, having a child, about to retire, welcoming grandchildren – AAFMAA can help. We offer a variety of products to suit your needs. Our Membership Coordinators can assist you in reviewing your current situation and deciding what, if anything, is missing from your life insurance portfolio. They can assist in determining if you need more life insurance and if so, how much and for how long. Give them a call today and get started. The Membership and Insurance Sales team is available Monday through Friday, 8:30 am – 7:00 pm, Eastern time. If you call after hours, make sure to leave us your name and number and we'll be sure to return your call. Helping you make the right decisions and getting just what you need is our goal. Let us help make it easy for you. Information and online quotes are also available 24/7 on the website at www.aafmaa.com.