



# AAFMAA

# Advantage

AMERICAN ARMED FORCES MUTUAL AID ASSOCIATION NEWSLETTER

**ATTENTION  
Grandfathered  
and Premier  
Services  
Members!**

## AAFMAA Delivers Digital Family Information Report—*eFIR!*

**Introducing eFIR!** The annual Family Information Report (FIR) that members, widows and widowers have depended on for years to keep personal, family, military, financial and insurance records up to date is now available in a digital format anytime, any place. The eFIR is conveniently delivered directly to your AAFMAA Member Center account.

### With eFIR you can:

- View and update pertinent information at your convenience (change your address, update an investment—quick, easy and, as always, **secure**. Your updated eFIR is available online the very next business day—no waiting for the mail!)
- Make sure AAFMAA has the most up-to-date information to provide you the best, personalized service
- Streamline AAFMAA's response time and ensure accuracy when submitting claims and entitlement information

### How to get your eFIR:

#### • Grandfathered members:

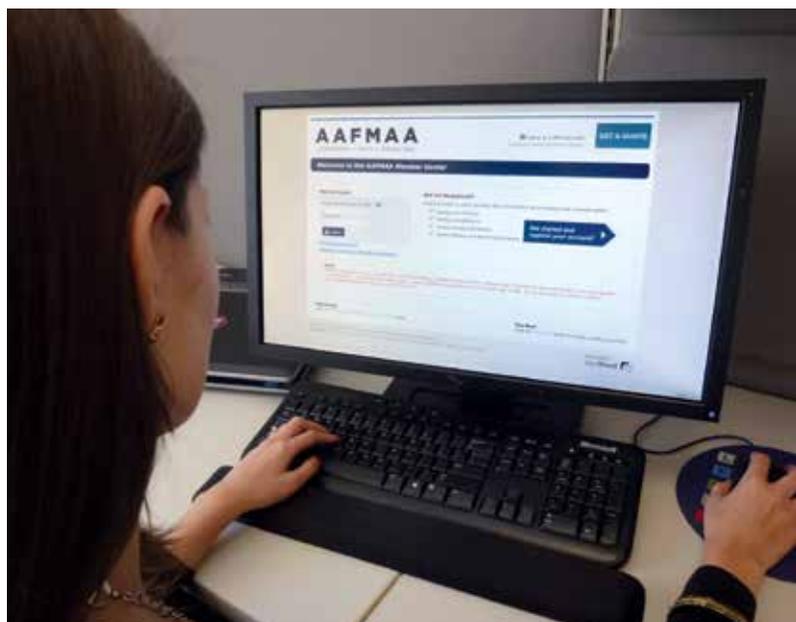
- Log in to your Member Center account at [aafmaa.com](http://aafmaa.com)
- Go to 'Account Profile', click on 'Digital Delivery Preference'

#### • Premier Services members—you've already got it!

Just log in to your Member Center account, at [aafmaa.com](http://aafmaa.com) select the FIR tab, and it's there.

**Any questions?** Call a Member Benefits Representative at **1-800-522-5221**.

**If you are *not* a Grandfathered or Premier Services member,** contact Member Benefits at **1-800-522-5221** to learn how you can become a Premier Services Member.



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## CONTACT

**General**

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AAFMAA

102 Sheridan Avenue

Fort Myer, VA 22211-1110

E-mail: [info@aafmaa.com](mailto:info@aafmaa.com)

Fax: 1-888-210-4882

**Life Insurance****Insurance Sales**

Toll-free phone: 1-877-398-2263

E-mail: [Membership@aafmaa.com](mailto:Membership@aafmaa.com)**Policy Services***Payments, policy loans, beneficiary changes, LTCSD*

Direct toll-free phone: 1-800-336-4538

E-mail: [PolicyServices@aafmaa.com](mailto:PolicyServices@aafmaa.com)**Member & Survivor Benefits***Death claim processing, vault documents,**VA representation, benefits counseling,**Family Information Report (FIR)*

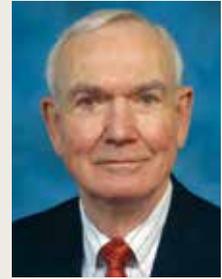
Toll-free phone: 1-800-522-5221, option 2

E-mail: [MemberServices@aafmaa.com](mailto:MemberServices@aafmaa.com)**Wealth Management & Trust***Financial Planning, Investment Management,**Trust Services*

Toll-free phone: 1-800-522-5221, option 3

E-mail: [WealthManagement@aafmaa.com](mailto:WealthManagement@aafmaa.com)

## Message to Members



**Donald M. Babers,**  
Lieutenant General, USA Retired,  
Chairman, Board of Directors

Dear Fellow AAFMAA Members:

Thank you for your membership. I am deeply honored to serve as your Chairman of the Board. This newsletter provides an opportunity to highlight recent, exciting changes at AAFMAA.

This past June we held our 134th Annual Meeting...134 years of providing peace of mind and financial security to countless members of the military community... outstanding! As members, we all value our stellar history, but we can never rest on our laurels. We must constantly grow and provide more and better benefits.

Most recently, to recognize all of the military branches of service that comprise our membership, we changed our name to the **American Armed Forces Mutual Aid Association**. Different name, still **AAFMAA**. Still superlative personal service. In our literature, on our website and in future communications, you will still see AAFMAA as our brand and our marketing name. Most importantly, we will continue to uphold and emphasize our core values of **Compassion, Trust** and **Protection**, allowing us to be *the* premier mutual aid association for ALL the American Armed Forces.

We've also designed a vibrant, fresh icon to complete the AAFMAA brand! I hope that you are as delighted with these changes as I am! Please glance through this newsletter for additional details.



As members, we know that AAFMAA will always do the right thing, for us now and for our survivors when we are gone. The members and the survivors we've helped are our strongest supporters. So, please do your part to support by sharing your story with potential members in all the American Armed Forces. Spread the word. Thank you again for your membership in this wonderfully unique, member-owned association.

Respectfully,

*Donald M. Babers*

Like us on [facebook](#) and  
follow us on [twitter](#)

# Tell Your Friends About AAFMAA

As a membership association dedicated to prompt, superlative, personal service with a fierce loyalty to our Armed Forces service members and families, AAFMAA benefits from the equally tremendous loyalty of this special group. You can help AAFMAA continue to provide the highest quality of service and lowest cost life insurance by telling your friends and family about the benefits of AAFMAA membership. Help 'spread the word' about member benefits.

**Survivor Assistance Services**—Let us do the heavy lifting for your family. We contact and follow up with the Defense Finance and Accounting Services (DFAS), the Veterans Administration, other insurance companies, and other government agencies to ensure that 100% of benefits are paid to your survivors. You've earned them; we'll get them for your survivors.

**Career Assistance Program (CAP) Loan**—Specifically for active duty AAFMAA members. CAP Loans provide \$4,000 at just 1.5% interest rate for eligible personnel in the ranks of E-5 through O-3. Simple 4-year repayment by allotment. A great way to pay off high-interest credit card debt or provide cash when you need it.

**Cheaper rates than SGLI**—Save money or get higher coverage. Get \$400,000 of AAFMAA life insurance coverage for less money than SGLI while also still paying conveniently by allotment.

**Continuing eligibility after military service**—Don't let your friends miss their chance for membership. Join on active duty—keep products and services for life, regardless of whether or when you leave the service.

**Don't let your friends and family miss out. Tell them about AAFMAA today! Have them visit [aafmaa.com](http://aafmaa.com) or call a Membership Coordinator toll-free at 1-877-398-2263 to get started. They'll be glad you did.**



## Personal Service— *Come Visit an Office*

AAFMAA provides every member, policy holder, beneficiary and family member personalized care, whatever your need. While we typically communicate by e-mail or phone, we're always delighted to meet with members in person. For decades, members and families have visited our Joint Base Myer-Henderson Hall (formerly Fort Myer) office. They continue to do so, on a daily basis. In addition, our Reston office opened in July 2010. We continue to expand and are pleased to announce two new office locations and staff members.

**Fayetteville, NC**—Our office is conveniently located near Fort Bragg at 639 Executive Place, Suite 200. Mrs. Katie Gushen, Service Representative, is co-located with the AAFMAA Wealth Management and Trust LLC headquarters. Katie can be reached directly at (910) 307-3750 or [kgushen@aafmaa.com](mailto:kgushen@aafmaa.com).

**Colorado Springs, CO**—Lt Cdr John Sledgianowski (U.S. Navy, Ret) represents AAFMAA at Fort Carson, the Air Force Academy, Peterson Air Force Base, and throughout the area. His office is co-located with Armed Forces Bank on Fort Carson (Building 1512) at 6384 Wetzel Ave. He can be reached directly at (719) 244-9835 or [jsledgianowski@aafmaa.com](mailto:jsledgianowski@aafmaa.com).

# Minutes from the 2

[The Annual Meeting convened at 1200 hours, 11 June 2013, at the Army Navy Country Club, Arlington, VA.]

LTG Donald M. Babers, Ret, Chairman of the Board of Directors, called the 134th Annual Meeting to order. LTG Babers recognized three members in attendance. CPT David Polonitza was our youngest member in attendance. COL John Insani, Ret, was our longest tenured member in attendance, with over 58 years of loyal membership. COL Walter Hibbard, Ret, at 92 years old, was our oldest member in attendance! The AAFMAA Secretary presented each of them with a gift.

Last year's meeting was on 12 June 2012. The minutes were published and distributed to all members. A motion to waive the reading of the minutes was moved, seconded and the minutes were approved unanimously. LTG Babers addressed the audience to report another outstanding year for AAFMAA. Over the past decade our growth has been unmatched in the 134 year history of the Association. In 2012, membership, insurance-in-force and policies-in-force all reached record highs, demonstrating AAFMAA's strength and continued growth.

AAFMAA always focuses on providing the absolute lowest cost life insurance possible and outstanding services to members and their survivors. To reinforce our ability to provide services, on 1 July 2010 we resumed performing these valued services directly in-house. This continues to be a tremendous success. In October 2012 we opened AAFMAA Wealth Management & Trust LLC that already has clients and continues to grow.

At last year's Annual Meeting we announced that we were expanding our eligibility to include members of all branches of the American Armed Forces. We now proudly serve members of the Army and Air Force, and also members of the Navy, Marine Corps, and Coast Guard. To recognize all of the services that comprise our membership, effective tomorrow, we will no longer use the name "the Army and Air Force Mutual Aid Association," but we will remain AAFMAA—the "American Armed Forces Mutual Aid Association." In our literature, on our website and in future communications, we will concentrate on AAFMAA as our brand and our name. With this change we will continue to be the premier Mutual Aid Association for all of the American Armed Forces and will always reflect our hallmark values of compassion, trust, and protection.

Expanding AAFMAA's services and reaching out to the entire American Armed Forces will add to the membership. Therefore we can ultimately provide vitally necessary Survivor Assistance Services to more needy widows, and increasingly widowers.

The key to any success is good management and well led, dedicated employees. Walt Lincoln, our President and

Treasurer, keeps the team focused and deserves the credit for the outstanding success we have enjoyed. LTG Babers then turned the meeting over to MAJ Lincoln for his remarks.

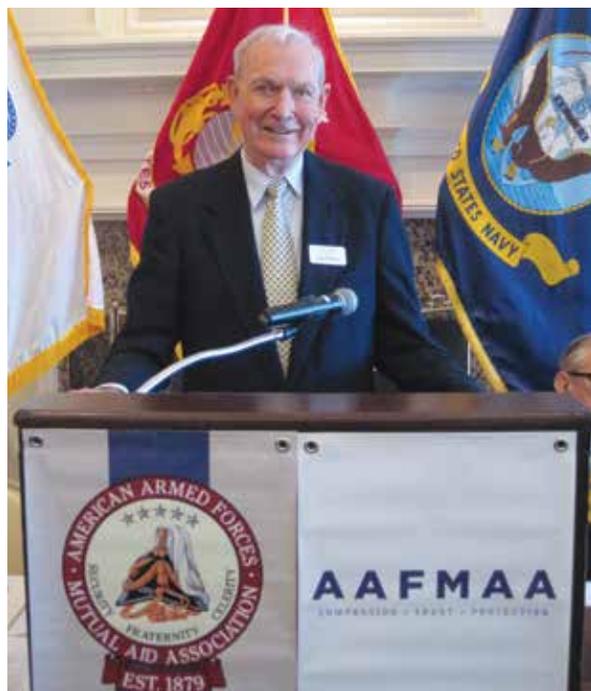
Thank you Mr. Chairman.

2012 was another record year. All metrics ended the year at all time highs.

Some of the highlights:

- Insurance in force \$25.1 Billion, a 3.3% increase from 2011,
- Policies in force increased to a new record of 123,478,
- Total lives insured reached an all-time high of 101,615, and
- Membership grew to 90,462.

This all time high in members is especially noteworthy since it demonstrates the relevance of AAFMAA to service members of all branches of the American Armed Forces. 45% of our membership is now active duty. Interestingly, our youngest member, age 19, is an active duty Marine. As the Chairman noted, to reflect the inclusion of Sailors, Marines, and Coast Guardsmen the name of our Association, effective tomorrow, will become the American Armed Forces Mutual Aid Association... AAFMAA. We will continue to market and brand the AAFMAA label. Tomorrow you will begin to see changes in the new website, ads, brochures, forms, and a new outreach program to emphasize the eligibility of all branches of the Armed Forces. The same AAFMAA name, the same AAFMAA superlative personal service, and now open to all



LTG Donald M. Babers, USA, Ret, Chairman of the Board

# 2013 Annual Meeting

American Armed Forces. We're able to extend the membership eligibility because of our strength.

Assets, on an admitted value basis, total \$1.036 Billion. The year-end market value of those assets was \$1.13 Billion, or about \$100 Million above our cost. Please note that our Net Yield on Assets last year was a positive 4.8%. In simplified terms, the Net Yield on Assets reflects dividend and interest income. A different measure, the Net Total Return, includes capital gains. Our 2012 Net Total Return on the investment portfolio was 9.7%. This return allowed the directors to approve the 2013 crediting rate of 6.8% for Value Added Whole Life policies. This high crediting rate also applies to **ANNUITY**Life policies. Recall that, generally, as your cash value grows, your death benefit grows.

As a member-owned, non-profit Association, AAFMAA must always face the reality of the environment in which we invest. An increasing National Debt and artificially low interest rates pose potential problems which must be considered in our investments. No one can project how these two factors ultimately will affect investments over the next several years. Therefore, we must guard against likely, but not certain, outcomes. Continuing annual deficits, with mounting National Debt could lead to inflation, currency devaluation or higher taxes.

Artificially low interest rates will likely end at some point with a resulting rise in US Treasury bond yields. Such a rise in yields would depress the value of Treasury securities and, likely, fixed income assets overall. But until then, we face continuing low

yields. In such an environment it may be necessary... due to an abundance of caution... for the Board of Directors to consider a lower Crediting Rate for 2014. We obviously cannot project the investment results for the current year, but we can safely say that the AAFMAA Crediting Rate will remain a leader in the military market.

Earlier, I mentioned our youngest member, age 19. Given lengthening life expectancies it's likely that he will survive to see the 200th Anniversary of AAFMAA! To illustrate the lengthening of life expectancies let's consider a 50 year old male at various times in history.

When AAFMAA was founded in 1879, a 50 year old male had a life expectancy of 20.9 years, or almost age 71.

That hardly changed at all until World War II. In 1945, the life expectancy of a 50 year old male was 21.4 years, or slightly over age 71.

By the end of the Vietnam War life expectancy was 23.7 years, almost to age 74.

In 1995, the Dayton Peace Accords ended the Bosnian War. And life expectancy of a 50 year old had jumped to 26.7 years or nearly age 77.

Today the life expectancy of a 50 year old male is 31.6 years... over age 81.

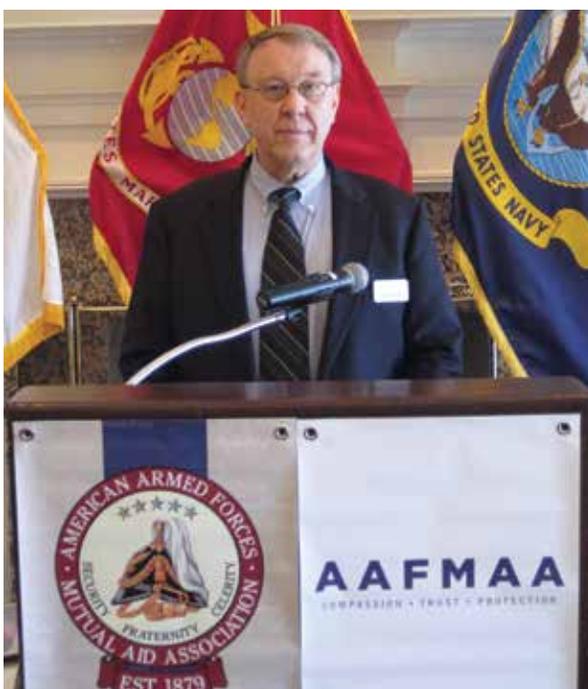
Lengthening life expectancies, coupled with artificially low savings rates pose a huge risk as our members age. Let me quote Federal Reserve Chairman, Ben Bernanke from a press conference January 25, 2012:

*"In the case of savers... we certainly recognize that the low interest rates that we're using to stimulate investment and expansion of the economy also impose a cost on savers who have a lower return."*

With lower returns, and longer lives, members and their survivors face the possibility of outliving their assets. AAFMAA offers several solutions to this problem. First, all of our permanent insurance products include attractive cash value build up without taxes. These include: Value Added Whole Life, **ANNUITY**Life, and Generations Plus for children.

What a great way to start a young person on a path to financial security by buying them a Generations Plus policy. But remember, to have children or grandchildren participate in AAFMAA life insurance you must have them insured BEFORE AGE 24. Unlike some other organizations, AAFMAA membership is restricted solely to those who actually served. Membership cannot be passed down from generation to generation, so enroll your children or grandchildren BEFORE AGE 24.

Second, our settlement options for survivors protect against



MAJ Walter R. Lincoln, USA, Ret, CFP® President and Treasurer

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## 2013 Annual Meeting

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outliving assets. A good example is our widow who has been receiving monthly benefits for more than 49 years. She could have elected to receive an immediate lump sum payout when her husband died in 1964. However, she chose to receive a monthly annuity for the rest of her life. To date, her cumulative payments are approximately 3 times the lump sum amount she could have received. The AAFMAA guaranteed minimum of 4% on annuity settlements avoids the problem of low yields and since the annuity continues for life, the beneficiary can never outlive their assets.

Third, for those managing their own investments but finding it challenging in the face of low yields, perhaps a call to Rick Convy or Bonnie Humphrey at AAFMAA Wealth Management & Trust might be useful. Recall that AAFMAA Wealth Management & Trust exists solely for the members. Their fiduciary duty always places the members' interests first.

Everything we do is driven by our desire to deliver solutions for our members, whether through insurance products, Premier Services for members, Survivor Assistance Services for widow(er)s, or through the trust company Financial Planning, Investment Management and Trust Services. In all cases we strive for superlative personal service, expertise, and advice. What makes AAFMAA different is that we are a high touch, highly personalized, pure non-profit, member-owned, mutual Association. For us, it's members first; every time.

We've had a truly fantastic result for 2012. And while we talk about our growth in investments and insurance, let's remember our two most valuable assets: the trust of our members and our truly unique staff. I see the staff working for members every day, going the extra mile, doing the right thing. They truly care!

Mr. Chairman, on behalf of all the staff and management it is my honor to submit their great results for approval. Thank you.

This concluded the President and Treasurer's Report. A motion to approve the report of the President and Treasurer was moved, seconded and approved unanimously.

The next order of business was to receive the report on the re-election of directors. LTC Tom E. Hargis, Ret, Secretary of the Association, presented the results of the Nominating Committee and proxy balloting.

The Nominating Committee consisted of the following members: MAJ Donald W. Fritz, USA, Ret, Chairman; MAJ Billy B. Brown, USMC, Ret, Member; and LCDR George P. Coan, USN, Member. The Association thanked the committee for their time and effort. The committee nominated Brig Gen Jonathan D. George, USAF, Ret for his 1st Term, CMSgt Lewis E. Monroe,



LTG Babers thanks LTC Tom E. Hargis, USA Ret, Secretary for his 13 years of service to the members.

III, USAF, Ret for his 2nd Term, COL Dennis D. Porter, USA, Ret for his 2nd Term, GEN Jack N. Merritt, USA, Ret for his 4th Term, and LTG Donald M. Babers, USA, Ret for his 6th Term. Proxies were received, duly counted and certified by an independent proxy service. All nominees were elected by the membership and their terms will continue until the Annual Meeting in 2017. This concluded the results of the Nominating Committee and proxy balloting. A motion to close the nominations and elect the nominees was moved, seconded and the nominees were elected. A few questions from the floor were raised and addressed by the President and Treasurer.

Since there was no new business to be brought before the meeting, the 134th Annual Meeting of AAFMAA adjourned at 1235 hours.



## New Option—Report a Death Online

Losing a loved one is never easy. For your convenience, AAFMAA now offers the flexibility to report a death online at [aafmaa.com](http://aafmaa.com). Click the 'Survivor Benefits/Report Death' tab on the homepage, then click the Report Death online link to fill out the short information form and click 'Submit'. Don't worry if you don't have every detail; we just need enough to get things started to provide you the relief of having taken the first step in the process. A Survivor Benefits Representative will contact you within 24 hours. Deaths can also be phoned in, toll-free to 1-800-522-5221.

Knowledgeable investors know the secret to successful investing: invest for the long term. Historically, stocks have outperformed bonds, cash, and inflation (although past performance is no guarantee of future results) but those returns also have involved higher volatility, especially over the short term.

### How long is long?

Every investor needs to define their “long term” investment time horizon. A 70-year-old retiree may have a shorter “long term” than a 30-year-old who’s saving for retirement. Historically, the shorter your holding period, the greater the chance of experiencing a loss. For example, over the last 90 years, stocks (S&P 500) have experienced only three negative return 10-year periods which were: 1929-1939, 1998-2008 and 1999-2009.

### I can time the market!

Probably not. You may get lucky once in a while but consistently outperforming the market via market timing remains elusive. The market moves in spurts. Missing just a hand-

ful of months or days can dramatically reduce your returns. Be patient, ignore the short term “market noise.” Stick with a consistent strategy. It will serve you well over time.

### Keeping yourself on track

Having a long-term investment strategy will dramatically improve your financial and psychological ability to handle short term imbalances and maintain a successful approach to investing. When creating an investment strategy, think about and plan for turbulent times in the market. Guard against the number one enemy of successful investing: panic. Having predetermined guidelines that anticipate turbulent times can help prevent emotion from dictating your decisions.

### Maintain a cash safety cushion

Always have sufficient cash on hand to cover a few months worth of living expenses. Having cash set aside will enhance your ability to act thoughtfully instead of impulsively. The liquidity provided by an appropriate level of cash will prevent having to sell stocks at an inopportune time to meet ordinary expenses.

### Know what you own and why you own it

If you cannot explain what the company (whose stock you own) does to make money, then you should not have that stock in your portfolio. When the market goes off the tracks, knowing why you made a specific investment can help you evaluate whether those reasons still hold.

### Learn from your mistakes

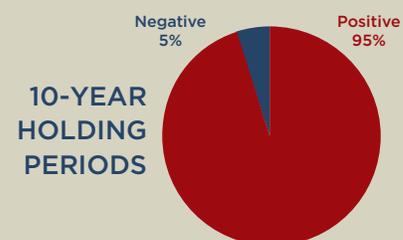
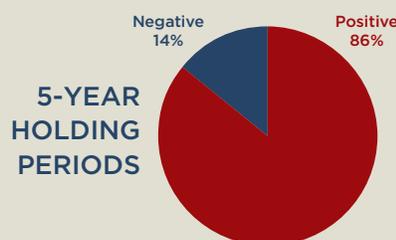
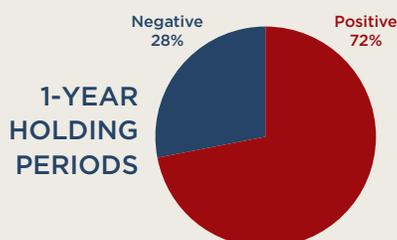
Everyone looks like a stock market guru during bull markets. The real learning comes during the inevitable bear markets. Everyone makes mistakes. The smart investor learns from the experience, and applies the lesson to future decisions.

### The power of time on a portfolio

To illustrate the impact of time on investment returns, below are returns of the S&P 500 stock index for one, five and ten year return periods over the last 100 years. The longer the investment holding period, the lower the odds of experiencing negative returns.

## Equities for the Long Term— The Power of Time

For personal financial service, call 1-800-522-5221, option 3, or visit our website at [www.aafmaa.com](http://www.aafmaa.com).



## PREMIER SERVICES

## Are Your Documents Safe?

If history has taught us anything, it's that weather can be unforgiving. Recent fires, floods, and tornadoes show us again how things can get out of hand quickly. If you are caught in the middle of a storm you might not have time to grab your most essential documents before you're forced to leave your home.

Some essential documents to keep safe include:

- Birth Certificates
- Military Service Records
- Marriage Certificate
- Wills and Trusts

### Where will your documents be safe?

For Grandfathered members, and members with Premier Services, AAFMAA's Digital and Physical Vault storage provides peace of mind.

AAFMAA maintains your precious documents in a secure vault at AAFMAA—available to you digitally 24/7, anywhere in the world, through the secure online AAFMAA Member Center. Your most important documents available at the touch of a button, at your convenience, no matter where you are. So you can breathe easy—we've got it covered.

Become a Premier Services member today at [aafmaa.com](http://aafmaa.com) or call 1-877-398-2263 to speak with a Membership Coordinator.

## Are Your Beneficiaries Up-to-Date?

You didn't buy life insurance for yourself, right? You bought it for those you are responsible for protecting—your loved ones. Don't let a possible oversight harm them. A common problem with processing insurance claims occurs when members have not kept AAFMAA updated with the latest beneficiary information. Your beneficiary is the person you want to receive the monetary benefit from your life insurance policy. Keep your beneficiary information up to date. You designated the beneficiary when your policy was originally approved. Over time, lots may have changed:

- First or additional children were born
- You got married, or divorced
- A designated beneficiary has died

When these life events occur, update your beneficiary designations. Make sure we have the following:

- **Full, legal, current name of the beneficiary** (remember when children get married and change names, we need to know)
- **Social Security Number** (this makes it much easier to locate people who do not reside with you)
- **Birth dates of all beneficiaries** (this may help us find your beneficiary)



Your Life Insurance Annual Statement lists your beneficiary. View or download it anytime online by logging into the AAFMAA Member Center at [aafmaa.com](http://aafmaa.com). Once logged in, go to 'Insurance Documents' and click on 'Annual Statements'. Call AAFMAA's Policy Services team at 1-800-336-4538 or email [PolicyServices@aafmaa.com](mailto:PolicyServices@aafmaa.com) for additional assistance.