



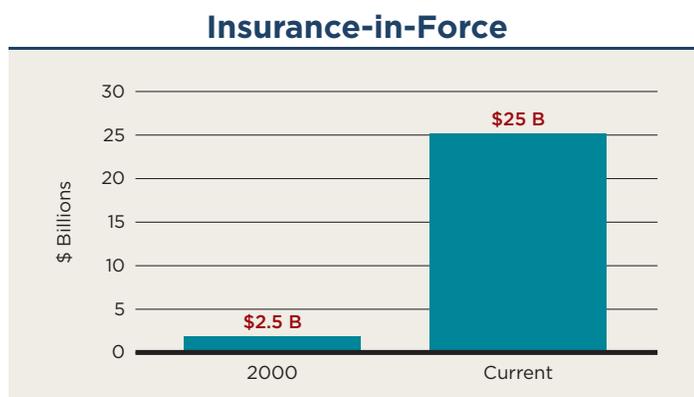
AAFMAA®

Advantage

AMERICAN ARMED FORCES MUTUAL AID ASSOCIATION NEWSLETTER

President and Treasurer Walt Lincoln Retires

At AAFMAA's 140th Annual Meeting in June 2019, Chairman of the Board GEN Dennis J. Reimer (USA, Ret) announced the planned retirement of AAFMAA President and Treasurer MAJ Walter R. Lincoln, CFP® (USA, Ret). Walt joined the staff of the (then) Army and Air Force Mutual Aid Association after retiring from the Army in 1992. His positions held at AAFMAA include Member Counselor, Assistant Secretary, Assistant Treasurer, VP for Finance and Sales, Treasurer, and President and Treasurer. Upon becoming President and Treasurer, with the support and guidance of GEN Robert W. Sennewald (USA, Ret), then Chairman of the Board, AAFMAA adopted the "AAFMAA 2020" Strategic Plan.



During Walt's tenure of almost 28 years, AAFMAA experienced the fastest membership growth, expansion in policies, and asset growth in Association history. Insurance-in-Force grew more than ten-fold. Walt converted the Association's flagship policy, Value-Added Whole Life, from a "unit" system to an insurance policy system, with maximum coverage

increasing from \$20,000 to today's limit of \$1 million. Walt introduced AAFMAA's term insurance policies:

- **Level Term I** — lower premiums and higher coverage than SGLI
- **Renewable Term** — lower premiums and higher coverage than VGLI
- **Level Term II** — fixed premiums, fixed coverage, variable term to meet the time exposure of college, mortgages, etc.
- **Group Term** — for employees of other military associations to benefit from AAFMAA's low-cost policies
- **Simple Term** — expedited insurance with limited underwriting

While introducing term insurance, Walt also expanded cash value offerings, established a Long-Term Care Settlement Option (LTCISO), and allowed spouses, children, and grandchildren to be eligible for insurance policies.

New Cash Value policies include:

- **Generations Plus** — for children and grandchildren
- **ANNUITYLife®** — an insurance policy that can provide an immediate stream of payments for life
- **Wealth Builder Life Insurance** — to build cash value at a high crediting rate and, after 10 years, provide a stream of payments for life
- **Veteran Survivor Plan** — a guaranteed acceptance policy. NO medical questions; NO exam required

All of these policies include AAFMAA's unique Survivor Assistance Services. During Walt's tenure, services were expanded to include optional Living Services and Premier Services.

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Retirement

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The “AAFMAA 2020” plan also included expansion of membership eligibility. Initially, membership was extended to NCOs, then to all ranks. In 2011, membership was extended to Navy, Marine Corps, and Coast Guard. Following this expansion, AAFMAA adopted its current name, American Armed Forces Mutual Aid Association, in 2013.

Recognizing the expansion of AAFMAA, Walt codified its Vision and Mission:

- **Vision:** To be the premier provider of insurance, financial and survivor services to the American Armed Forces Community.
- **Mission:** To ensure the financial security and independence of the members of the American Armed Forces Community.

Since insurance and obtaining government benefits for Members provided only part of the solution, Walt formed two regulated subsidiaries: (1) AAFMAA Wealth Management & Trust LLC (AWM&T), and (2) AAFMAA Mortgage Services LLC (AMS). The addition of these two wholly-owned subsidiaries completed the organizational structure envisioned in “AAFMAA 2020” – four years ahead of schedule and conceptually illustrated below. By 2016, the organization was complete.

In addition, financial results since 2000 have been absolutely astounding. For example, AWM&T manages

approximately \$75 million of Member assets and \$680 million of Association assets. AMS has originated over \$176 million in residential mortgages for Members. As Treasurer, Walt steadily achieved extraordinary investment returns, which allowed the Association to return benefits to Members through high crediting rates and benefits to Members and their survivors. Through his astute investing, Walt enabled AAFMAA to avoid the Dotcom bubble and the financial decline after 9/11. He sold 100% of AAFMAA’s real estate before the real estate crash of 2007/2008, then bought stocks during the financial panic that followed. This allowed AAFMAA to continue delivering strong financial results to Members. In fact, during his 20 years as President and Treasurer, AAFMAA returned more money to Members than in all the previous 120 years of AAFMAA’s existence. Beyond that, Walt’s control of expenses allowed AAFMAA’s assets to grow by 89%, from \$633 million in 2000 to \$1.34 billion today.

Assets



Walt always thought long-term, whether in developing the “new AAFMAA” or investing. His optimism, confidence, and focus on the never-ending future greatness of America has created a stronger and better AAFMAA. Walt Lincoln holds several unique records at AAFMAA:

- Longest-serving President,
- Longest-serving Treasurer, and
- Highest rate of Total Return on investments of 12.9% achieved in 2019.

We ask that you join us in honoring Walt Lincoln in his departure and wish him well as his journey continues.



Message to Members



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

Dear Fellow Members,

After nearly 30 years at AAFMAA, the last 20 years as President and Treasurer, this is my final Message to the Members. Following a full career in the U.S. Army, few individuals could ever hope to have a more fulfilling second career than I did at AAFMAA. I did not stay at AAFMAA for so many years to cling to power, nor to earn more money. I served every day to build something that I deeply believe in ... the premier financial services company for our fellow military members.

In 2000, we implemented the Strategic Plan AAFMAA 2020. Happily, every aspect of that plan has been successfully implemented. What have been the results? Membership increased 36%. Insurance-in-force has grown ten-fold from \$2.5 billion to \$25 billion. Benefits paid to Members' Survivors during the last 20 years exceed \$700 million — twice the amount of all benefits paid in the Association's first 120 years. Even after paying these benefits, assets DOUBLED during the same time to \$1.3 billion.

What factors led to such an incredible success?

- A supportive, non-compensated Board focused on: (1) strategy, (2) policy, and (3) succession planning,
- A truly loyal team of employees dedicated solely to the benefit of Members and their Survivors,
- A relentless drive to focus on the three AAFMAA imperatives: (1) sell more, (2) control costs, and (3) invest wisely,
- A culture that measures and rewards AAFMAA's core values: (1) Loyalty, (2) Empathy, (3) Responsiveness, (4) Spirit of collaboration, and (5) Innovation... **LERSI**, and,
- MOST IMPORTANTLY, the *TRUST* of every member.

Now, AAFMAA can build a fantastic future based upon the foundation laid over the past 20 years. With traditional life insurance and unique

survivor services; financial planning, investment management, and trust services through AAFMAA Wealth Management & Trust LLC; and VA and other mortgages through AAFMAA Mortgage Services LLC AAFMAA can, now, truly provide "Solutions for **YOUR** Financial Future."

Please allow me to thank just some who have made my years successful and an honor. The five generals I've served as Chairman: Kerwin, Davison, Sennewald, Babers, and Reimer. All the non-compensated Directors who serve only the Members. Every one of the staff. And, especially, one former Director, BG L. Donne Olvey. He taught me as a cadet and sent me to Cornell University Graduate School of Management as a captain. As the Head of the Social Sciences Department, he supported my developing and teaching the personal finance course at West Point. As a mentor, he guided me until my retirement from the U.S. Army. As a Director, he supported every effort to reinvigorate the Association. BG Olvey indelibly imprinted two simple rules in my mind: "No Surprises" and, most importantly, "Be Kind."

Events and time offer AAFMAA its greatest opportunities in 140 years. I left Alton, Iowa to enter West Point in 1968. Today our U.S. *real* Gross Domestic Product (GDP) is four times what it was when I left. Four times in *real* terms. The unique structure of AAFMAA allows investments to gain from America's future growth, which will likely exceed the past. All Members participate in that growth. For example, the Total Return was 12.9% in 2019, all of which is returned to the benefit of Members in one way or another. I'm proud to have achieved the highest Total Return in AAFMAA's history. This has been a fabulous journey. Now, I'll watch from afar as a new team leads our Association to even greater success.

Walter R. Lincoln

Message from the Chairman

We have benefitted greatly from Walt Lincoln’s exceptional, dedicated service for almost three decades, including the last 20 years as AAFMAA’s President and Treasurer. He provided outstanding leadership and was the driving force as AAFMAA dramatically expanded its insurance coverage, membership eligibility, and services for all Members.

We undertook a very extensive, deliberate process to ensure a seamless transition and received a surfeit of incredibly talented applicants to be the AAFMAA President upon Walt’s retirement. The Board played an integral part in this critical endeavor. Happily, our efforts have paid off.



**GEN Dennis J. Reimer,
(USA, Ret)**
Chairman of the Board

The Board is delighted to have Mike Meese succeed Walt as President. Mike has served in multiple positions and roles within AAFMAA over the past six years. He is a soldier at heart; he and his family have lived that life for over three decades. He has never forgotten — nor will he ever forget — that you, the Members, are our most important asset. Mike’s extensive military experience, leadership skills, time at AAFMAA, and his genuine care for Members will lead this exemplary team to achieve even greater success as AAFMAA continues to be the premier financial services provider for the military community.

Mike Meese Appointed as AAFMAA’s New President

The Board of Directors has appointed BG Michael J. Meese (USA, Ret) President of AAFMAA. As president, Mike oversees all aspects of the Association to ensure the financial security and independence of the American Armed Forces Community.

Mike joined AAFMAA in 2013 as Chief Operating Officer and later became AAFMAA’s Executive Vice President and Secretary. He is a leader in military and Veterans issues, including chairing the 2016-17 Transition Team for the Department of Veterans Affairs.

Mike retired from the U.S. Army as a Brigadier General, having concluded his 32-year career teaching economics and national security courses while serving as the Professor and Head of the



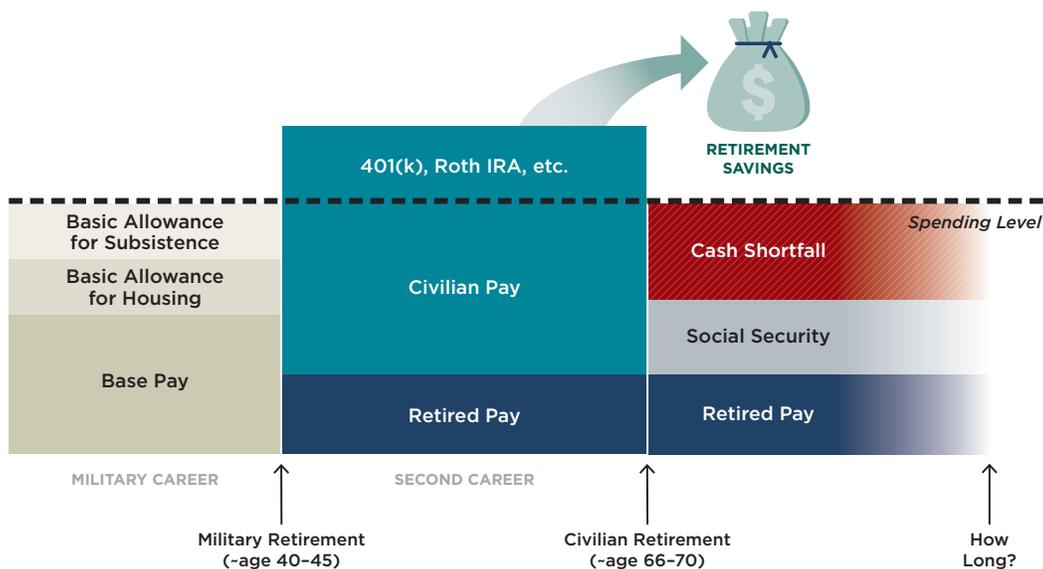
**BG Michael J. Meese, Ph.D.
(USA, Ret)**
President

Department of Social Sciences at West Point. He has written numerous articles and two books: the *Armed Forces Guide to Personal Financial Planning* and *American National Security*. He served in a variety of strategic political-military positions including deployments to Afghanistan, Iraq, and Bosnia for a total of 31 months and was the Executive Director of the Secretary of the Army’s Transition Team in 2005. He is a graduate of the National War College, U.S. Military Academy, and earned his Ph.D., MPA and M.A. from Princeton University.



You Cannot Outlive Your Income Stream from AAFMAA

Many Members, whether active duty, guard, reserve, or Veteran, find saving for retirement a challenge during the formative years of raising a family. Many Members delay retirement planning until “later” because of demands, such as kids, college, and cars. The Blended Retirement System will assist by using the Thrift Savings Plan during formative years, thereby reducing the cliff effect of 20-year retirement. Still, the military retirement system is often not enough. Additional retirement planning must include building a portfolio of investments, then converting that pool of assets into a **stream of payments**. In many cases, servicemembers pursue a second career after military “retirement” until they “retire, retire.” While simplified, the following illustration depicts typical results.



With increasing life expectancies, many retirees can easily face 20 years in true retirement. A surviving spouse could live beyond that. Fortunately, one’s military retired pay lasts until death and with a Survivor Benefit Plan (SBP) election a portion continues for the surviving spouse. Similarly, Social Security pays until death and then “upgrades” a spousal benefit to a full benefit. (Note: Social Security benefits have complicated rules and options. For more information, contact AAFMAA Wealth Management & Trust for an analysis). In most cases, the combination of military

retired pay and Social Security leaves a shortfall between income and spending level, likely requiring a reduction from the quality of life you had expected during your full retirement period.

That’s why it’s so important to save for retirement throughout your entire working life. When you get there, how can you be sure that what you’ve saved will last? Will you outlive your savings? That’s where AAFMAA’s retirement solutions — Wealth Builder Life Insurance and **ANNUITYLife®** — come in.

In the years leading up to full retirement, Wealth Builder Life Insurance gives you an alternative way to secure a portion of your retirement savings in a flexible solution that earns a high crediting rate with no upfront costs,

no hidden fees, and no surrender charges. Then, after 10 years, if you need to create a stream of income, you can annuitize the cash value at no additional cost. If you need an immediate stream of income when you stop working, **ANNUITYLife®** provides everything you want from a traditional annuity without any of the things you don’t. You secure a way to access your retirement savings as a lifetime income stream without any upfront costs or commissions.

It’s never too late to get started! The earlier you start the sooner you can breathe easy and enjoy your retirement without worrying about your financial security. Call 800-522-5221, Option 1, to speak with an expert Membership Coordinator today about choosing the right solution for YOUR financial future.

Read more about **ANNUITYLife®** and Wealth Builder Life Insurance on page 8. Income stream **guaranteed for life**. NO commissions, NO surrender charges, guaranteed minimum crediting rate. Call 800-522-5221, Option 1, TODAY. Secure your tomorrow!

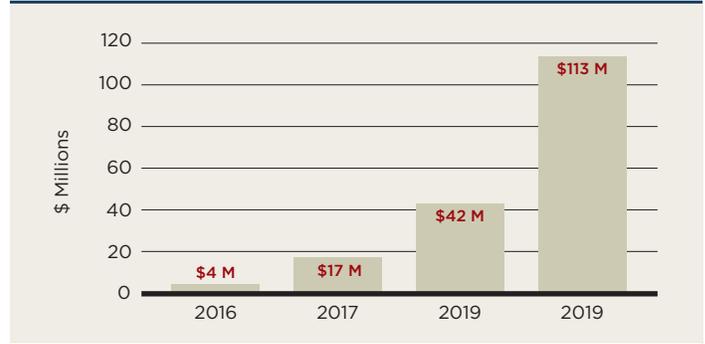
AAFMAA Continues to Grow

AAFMAA Mortgage Services LLC

During 2019, AMS implemented new mortgage origination software to streamline application and mortgage funding. AMS expanded their offices in Virginia Beach, VA, Reston, VA, Wilmington, NC, and Fayetteville, NC. We added new team members including operations personnel experienced with VA underwriting and expanded the executive team to enhance our management capabilities.

AAFMAA Members can now obtain mortgages from AMS in 10 additional states, bringing the total of licensed states to 26: Alabama, Arkansas, California, Colorado,

Annual Mortgage Loan Volume



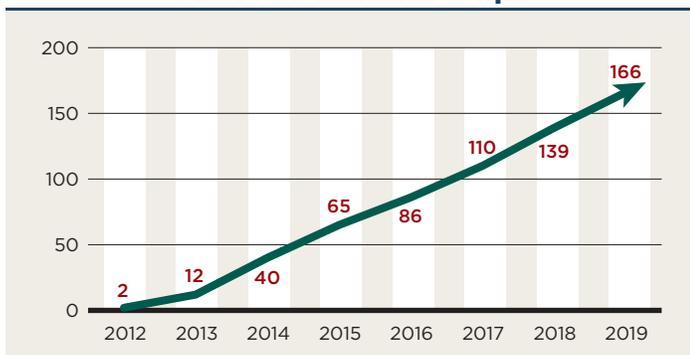
Connecticut, Delaware, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Nebraska, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, and Virginia.

AAFMAA Wealth Management & Trust LLC

As AAFMAA's Trust Company, AWM&T manages a portfolio of AAFMAA equity and bond investments for AAFMAA Members. AWM&T is a government-regulated entity with a legal fiduciary responsibility to put your needs first. We also have the knowledge and experience to protect your assets and help accomplish your financial objectives. AWM&T delivers customized wealth management solutions for military families that can help to preserve your legacy for many generations to come.

In 2019, the number of AAFMAA Members enjoying personal wealth management services increased by 19 percent. Investment management services grew 31 percent, and financial planning services — a tremendous value for our Members — grew an amazing 74 percent. To serve these new AWM&T Members, we continue to add new Relationship Managers. These wealth management professionals serve as your personal AWM&T representative, coordinating a staff of financial planning, investment management, and trust administration experts in direct support of your family's financial needs. Our Relationship Managers work closely with you to make smart investment management decisions, review progress, and maintain a clear and consistent focus on your goals.

AWM&T Relationships



Member Assets Under Management



AAFMAA Mortgage Services Welcomes a New President

In January 2020, **Jim Malley** retired as President of AAFMAA Mortgage Services LLC (AMS). Jim served as the AMS President since 2016 and previously led AAFMAA's Member and Survivor Benefits team since 2010. Jim focused on expanding AAFMAA offerings to include residential mortgages. Jim's executive leadership helped make AMS what it is today and AMS looks forward to his continued contributions as a consultant for AMS.



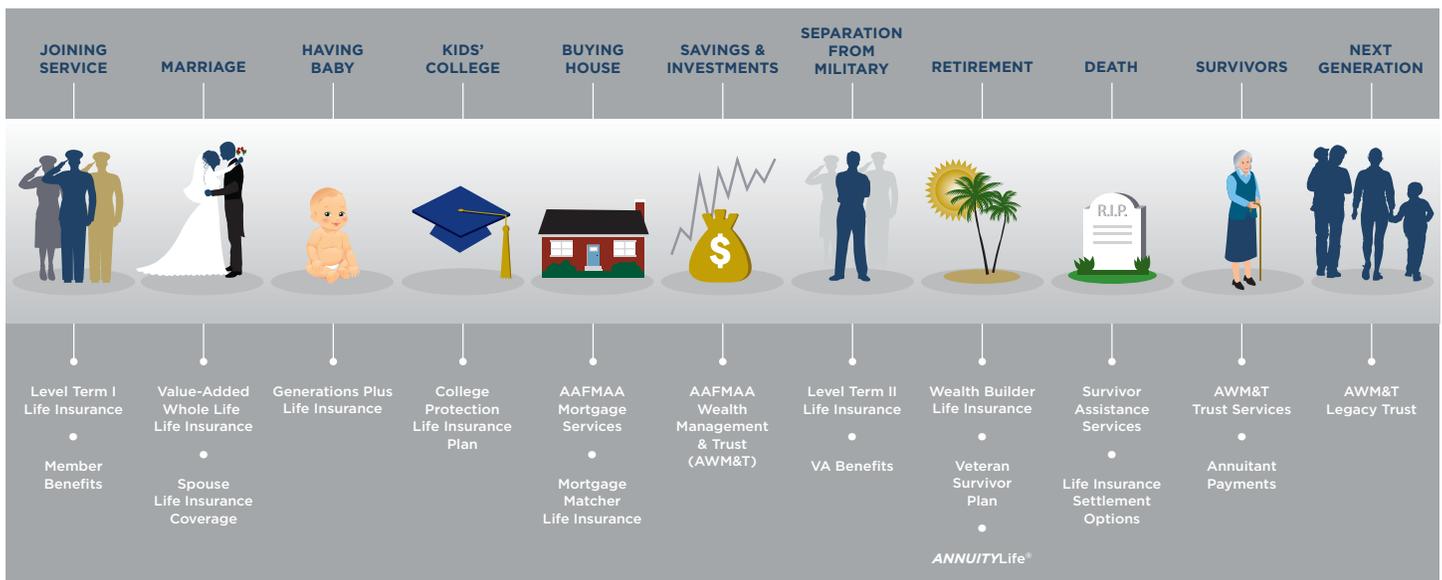
Jim Malley
Former AMS
President



Jeff Havener
AMS President

Jeff Havener joins AAFMAA as President of AAFMAA Mortgage Services LLC. Jeff brings 30 years of financial industry experience to AMS, including real estate, consumer and commercial lending, and commercial operations. As President of AMS, he leads the organization in executing its strategic vision and achieving its goals of ensuring more members of our military community have access to superior mortgage solutions.

Solutions for **YOUR** Financial Future



*AAFMAA's crediting rate for ANNUITYLife® is currently 5.0% for 2020. AAFMAA's crediting rate for Wealth Builder Life Insurance is currently 5.25% for 2020. Both rates are subject to an administrative cost, currently 0.75% resulting in net current returns of 4.25% and 4.5%, respectively. These rates are **NOT** guaranteed and are subject to change. The guaranteed crediting rate is 3.0%, minus the administrative fee for a net guaranteed return of 2.25%.

ANNUITYLife® and Wealth Builder Life Insurance are life insurance policies. They are not long-term care insurance. For more information, visit aafmaa.com/WBLI and aafmaa.com/AL. Subject to terms and conditions of the policy, including exclusions and limitations. There is no insurance coverage unless you apply and are accepted by AAFMAA, a policy is issued and you pay the required premium. No war, aviation, terrorist clause. All policies include Survivor Assistance Services.

ANNUITYLife® and Wealth Builder Life Insurance policies are Modified Endowment Contracts (MECs) subject to the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). Under TAMRA, you may owe taxes and penalties if you surrender or take a loan against the cash value in both policies. AAFMAA does not provide tax advice. If you have questions about the tax implications of this product or other life insurance products you own, please consult a qualified tax professional.

The U.S. Government does not sanction, recommend, or encourage the sale of this product. Subsidized life insurance may be available from the Federal Government.



Need a Lifetime Income Stream?

Wealth Builder Life Insurance

- High-growth alternative for retirement savings
- NO upfront fees. NO hidden charges. NO surprises.
- Builds wealth through cash value growth at a high crediting rate
- Annuitize it for lifetime income after 10 years
- Includes Long-Term Care Settlement Option at no extra charge

ANNUITYLife®

- Everything you want from a fixed annuity, nothing that you don't
- NO upfront fees. NO hidden charges. NO surprises.
- Annuitize immediately or later for a guaranteed lifetime income
- You can never outlive your AAFMAA income stream.

Solutions for **YOUR** Financial Future

Call NOW **800-522-5221**