



AAFMAA

# advantage

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

## Inside:

### 2 Message to Members

From Walter R. Lincoln, CFP®

### 3 Annual Statement Time

Watch your mail in February

### 4 Special Considerations for Young Families

Make sure your family has the right coverage

### 5 Low-Cost Children's Coverage, Ages 18-23

Level Term I

### Loans for Value-Added Whole Life Policy Owners

Know your options

### 6 Generations Plus

Our newest policy option

### 7 The Claims Process

Make it faster and easier

### 8 New Ways to Submit Insurance Forms

By Fax or E-mail

## Crediting Rate for 2009

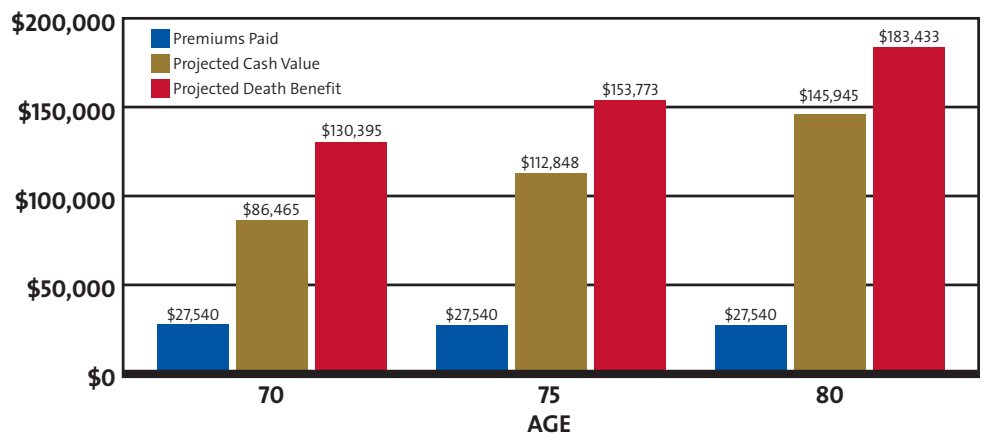
# 7.0%

For 2009, AAFMAA has been able to maintain an above industry average crediting rate on our Value-Added Whole Life policies. The crediting rate for 2009 has been established at 7.0%. This rate is not guaranteed and subject to change, however it is anticipated for the entire year. Each year there is careful review by AAFMAA's Board of Directors, Senior Management and the Association's Actuary to determine a supportable crediting rate for the coming year. Through a careful and conservative investment strategy and an overall focus on controlling costs, we are able to maintain a high crediting rate; 7.0%. Our minimum guaranteed crediting rate on Value-Added policies remains at 4.5%. This applies to Value-Added Whole Life policies only. The chart here shows how a \$100,000 Value-Added Whole Life policy on a non-smoking male, age 35, with a 30-year payment plan can grow in both cash value and death benefit over time, using a projected 7.0% crediting rate.

In addition, AAFMAA's Value-Added Whole Life policies offer:

- 100% money back guarantee
- Long Term Settlement Option
- Loan up to 75% of cash value at 1% above the crediting rate
- Premiums guaranteed to never increase
- Flexible payment options—Single Payment, 7, 20, 30 years, or pay to age 100

If you would like more information about AAFMAA's Value-Added Whole Life policy, please contact a Membership Coordinator toll-free at 1-877-398-2263. They are available Monday – Friday from 8:30 a.m. – 7:00 p.m. Eastern Time. They can provide you with premium quotes for various coverage amounts and value projections to illustrate how your policy could grow over time. You can also receive instant premium quotes on our website's Get a Quote.





## Message to Members

**Walter R. Lincoln, CFP®**  
**Major, US Army, Retired**  
**President and Treasurer**

Security for most members rests upon three pillars: (1) Government/Military Benefits, (2) Insurance and (3) Investments. To the extent that one of these pillars declines, it's important to "fill the gap" with the others. In today's financial markets, undoubtedly, the investment pillar of some members has declined. Most government/military benefits and entitlements have already been established. To ensure that your family is financially protected, it's important to fill the weakening investments gap with other types of security. Life insurance can provide this additional protection. An example could be college funding. A member may have saved for children's college, but with the stock market decline the funding may be short of the projected need. An insurance policy could provide protection in case a member dies before the market recovers or before additional savings can fill the gap.

Term insurance may be particularly helpful. Term insurance provides a large amount of coverage for a small amount of money. For the lowest cost term coverage, purchase AAFMAA's Level Term I policy. Level Term I is especially designed for members up to age 50 (40 for nicotine users). Our premiums range from **\$2.95** per month for a **\$50,000** policy (for non-nicotine users) to **\$35.00** per month for an **\$800,000** policy. Additionally, our Level Term II premiums have extremely competitive premiums. If you have policies from other companies, compare AAFMAA's premiums to what you're paying today or to other offers you're considering. Chances are AAFMAA can save you a lot of money. Call us or visit our online Get a Quote anytime at [www.aafmaa.com](http://www.aafmaa.com).

I take great care in how AAFMAA members' money is spent. You've entrusted me to do so and, I too am a long-time member with 100% of my family's insurance through AAFMAA. By AAFMAA's careful, conservative investment and management strategies, members enjoy secure, low cost insurance with high quality services and unique Survivor Assistance Services. We help you save money, through lower premiums, while we continue to make money for you as reflected through the 7% Crediting Rate for 2009. The word is definitely getting out there; in 2008 we had the highest net policy growth in AAFMAA's history. Continue to do your part by spreading the word. This historic success was achieved only with the efforts of your entire team. Your dedicated AAFMAA staff deserves a "job well done".

Respectfully,

*Walter R. Lincoln*

## AAFMAA Contacts

### Membership and Insurance Sales

Toll free: 877-398-2263  
Local: 703-522-3060  
Fax: 703-522-1336  
email: [membership@aafmaa.com](mailto:membership@aafmaa.com)

### Application Processing Clifton Brown, Team Leader

Toll free: 866-4AAFMAA  
(866-422-3622)  
Local: 703-522-3060  
Fax: 703-528-2662  
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### Underwriting

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Local: 703-522-3060  
Fax: 703-526-1670  
email: [underwriting@aafmaa.com](mailto:underwriting@aafmaa.com)

### Policy Services

(payments, loans, LTCISO,  
beneficiaries, settlement options)  
**Srey Seng-Im, Team Leader**  
Toll free: 866-4AAFMAA  
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Local: 703-522-3060  
Fax: 703-526-1671  
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### 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](http://www.aafmaa.com)

# It's Annual Statement Time Again

It's that time of year again. In February AAFMAA will be mailing Annual Statements to all policy owners. You will receive an Annual Statement if you own an AAFMAA life insurance policy that was issued prior to 1 February 2008. If your policy was issued on/after 1 February 2008, you will receive your first Annual Statement in 2010. Please be aware that all Annual Statements are mailed individually and will arrive in separate envelopes, so they may not all reach you on the same day. Additionally, in an effort to control costs and eliminate duplication, the Frequently Asked Questions, Message from the President and any marketing information will only be included in the owner's first policy statement. The Annual Statement provides you with important information about your policy such as the current death benefit, the current cash value (if you own a Value-Added Whole Life or an **ANNUITY**Life policy) and the beneficiaries of record for the policy. Since life insurance is purchased for the benefit of a beneficiary, please review the beneficiaries named for each policy to make sure no changes are needed and that the current designations are accurately recorded.

Annual Statements play an integral role in keeping you informed of the condition of your life insurance. We hope your statement information is helpful and useful. After all, life insurance is one of the most important items you maintain for your family's financial well being. Please help us maintain accurate records by accessing your account information in the AAFMAA Member Center at [www.aafmaa.com](http://www.aafmaa.com). Update your address, phone number or email address as necessary. In addition, you can find your death benefit amounts, cash value amounts, loan balances

(CAP and regular) and other important life insurance information.

AAFMAA's mission and goals are to maintain low-cost insurance and valuable Survivor Assistance Services. We realize that you have a choice when it comes to life insurance. AAFMAA members should know that the staff, management and Board of Directors work diligently to safeguard your money, offer low-cost life insurance and provide excellent customer service. In these trying economic times, members should feel reassured that AAFMAA has no debt, no sub-prime mortgages, our policies are backed

by solid investments and 130 years of exceptional service taking care of members, their families and survivors.

Survivor Assistance Services, which are included with all Member policies, include expeditious payment of death claims, claims initiation plus continuous follow-up, claims representation plus follow-up in disputes, lifetime individualized benefit notification, Social Security notification, Financial Awareness Service and annual statement of spouse entitlements. For more detailed information, please visit our website and look for Survivor Assistance.

*In February AAFMAA will be mailing Annual Statements to all policy owners.*



# Special Considerations for Young Families

Having children is one of the biggest incentives for young couples to consider purchasing life insurance. They recognize that as there are more people dependent upon them for financial stability, their needs may not be properly addressed anymore. One of the things many young parents overlook is covering both spouses – even if one stays at home and does not generate an income. In the event of their death, the surviving spouse would be the sole provider of all of the household's requirements.

When determining the amount and type of life insurance appropriate, make sure you consider the costs of childcare – especially for children under 5 and those with special needs. These costs can be more than you imagine, so take the time to calculate them accurately, and factor them into your decision making.

Consider whether you need whole life or term insurance. Whole life has the advantage of offering accumulating cash value, but is often too expensive for young families to afford. You may want to consider a small amount of whole life to begin with, along with a term policy, like AAFMAA's Level Term I, that offers a conversion to whole life (permanent) option when you are ready, and likely more able to afford the higher premiums.

Term life insurance is the lowest cost option and is great for protecting a need for a specific period of time, such as when your children are young, and/or while paying off a mortgage. AAFMAA offers two term policies which should meet your needs. Level Term I contains low-cost, level premiums and coverage to age 50 (40 for nicotine users) and Level Term II policies can be taken out from 5 to 30 years (but must end by age 85). A combination of both term and whole life is also an option.

Another important thing to remember is to update your beneficiaries on your current life insurance policies to include your children as beneficiaries, especially in the event of a divorce. You may want to consider naming a trustee for your children in the event both parents die before the children turn 18.

A last consideration is purchasing life insurance on newborn and young children. While there is not likely a financial need for the child to be insured, many people consider buying because their insurability is high and the premium costs are low. If health issues develop with the child later on, they may not be eligible for life insurance coverage. AAFMAA's Value-Added Whole Life and Generations Plus policies are worth a look.



## Low-Cost Term Coverage for Children Age 18–23

AAFMAA offers Level Term I (to age 50) coverage for children and grandchildren of members. Children must be at least 18 and not older than 23 years of age in order to be eligible. Level Term I coverage is a great low-cost option to get your children (as they are becoming adults) started with life insurance. Coverage and premium amounts remain level until age 50 (40 for nicotine users). At age 50 (40), coverage will begin to decrease while premiums remain the same, until the policy terminates at age 60 (50). Level Term I policies can be bought in \$5,000 increments between \$50,000 and \$800,000. Here are sample premiums in several coverage amounts:

Coverage Amount	Monthly Premium	Coverage Amount	Monthly Premium
\$50,000	\$2.95 (\$5.00 NICOTINE)	\$300,000	\$15.00
\$100,000	\$5.90 (\$7.00 NICOTINE)	\$400,000	\$19.00
\$150,000	\$9.00	\$500,000	\$23.00
\$200,000	\$11.00	\$600,000	\$27.00
\$250,000	\$13.00	\$800,000	\$35.00

One of the great features of the Level Term I policy for children and grandchildren is that it offers the option to convert to a permanent Value-Added Whole Life policy at any time during the term of coverage **without additional medical underwriting**. This allows the child the option, once an adult (and over the 23 year old age limit where they are no longer eligible to buy new insurance) to convert their term policy into a permanent policy. New premiums are established at the time of conversion based upon age at conversion, for no more than the then in force face amount. For more details, please call a Membership Coordinator toll-free at 1-877-398-2263, visit us online at [www.aafmaa.com](http://www.aafmaa.com) or send an email to [membership@aafmaa.com](mailto:membership@aafmaa.com).

## Loan Options for Value-Added Whole Life Policy Owners



When times are tough and budgets are tight, some people may consider cashing out a permanent life insurance policy for the cash value. If you are thinking about doing so, please consider an alternative.

If you have an AAFMAA Value-Added Whole Life policy, you can take out a loan against your cash value. Up to 75% of your cash value in a Value-Added Whole Life policy is available as a loan to the policy owner. The loan interest rate is 1% above AAFMAA's current crediting rate. So, for 2009, the loan interest rate is 8.0% (against a 7.0% crediting rate). The best part is that even though you've taken money out as a loan, AAFMAA still credits your cash value as if the money was still in there. You receive, for 2009, 7.0% on the money loaned and pay 8.0% on the money loaned. You do not need to repay the loan, but interest does accumulate and compounds annually, so it is in your best interest to at least pay the interest annually. This may eliminate a situation where your loan exceeds your cash value and your policy can no longer be maintained. For more information about accessing your cash value through a policy loan, please contact Policy Services at 1-800-522-5221.

# AAFMAA's Generations Plus

In the October 2008 AAFMAA *Advantage* newsletter, we announced our newest policy, **Generations Plus**. This is a permanent life insurance policy for children and grandchildren ages 15 days through 12 years. Not everyone will qualify, but with minimal underwriting (there are only two quick questions on the application), policies can be approved. The premiums are very low and at age 21, the policy's death benefit **DOUBLES** with no additional premiums or medical underwriting. Additionally, the Generations Plus policy offers three guaranteed opportunities to purchase additional policies at ages 21, 25 and 28. At each of these ages, you can purchase up to four times the initial face amount of your Generations Plus policy. This means that if you purchased a \$30,000 Generations Plus policy, the coverage would automatically double to \$60,000 at age 21 (with no increase in premiums) and you would also be able to purchase \$120,000 of Value-Added Whole Life or 20-Year Level Term II policy at Standard premiums. Premiums are determined at the time of application. These additional policies are guaranteed issue, with no medical underwriting or physical exams. They are stand alone policies and the Value-Added Whole Life policy enjoys AAFMAA's crediting rate, cash value growth and 100% money back guarantee. Level Term II offers a low-cost term policy with level premiums for 20 years. It's a great way to secure future insurability for a child when they are young, healthy and the premiums are low.

For more information, please visit our website at <http://www.aafmaa.com/lifeinsurance/gensplus.aspx>. To access the Generations Plus application online, please log in to the Member Center at <https://connect.aafmaa.com/login.aspx>. Once

you login, the application is provided under "Quick Links" along the right hand side. If you haven't already registered in the Member Center, please do so now. Your member number is either a five or six digit number and does not include any letters or characters. For example, if your policy number is 123456-1, your member number would be 123456. If your policy number includes any letters or characters, eliminate those as well to get your member number. No member numbers start with a zero. You can also call us Monday through Friday, 8:30 a.m. – 4:30 p.m. Eastern Time and we can provide you with your member number.

We've had a nice response to this policy and hope to have more. We encourage you to read more about it on our website and call us to discuss it. Our Membership Coordinators are ready to assist you with any questions you may have. It's a great gift to give to your children to get them started and provide future guaranteed insurability.

*It's a great gift to give to your children to get them started and provide future guaranteed insurability.*



## GENERATIONS PLUS MONTHLY PREMIUMS

AGE	\$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

# Help Make the Claims Process Faster and Easier

Survivor Assistance Services are one of the most valuable benefits of AAFMAA membership. Payment of your death benefit to your beneficiary is one of the first services we take care of. We all want the claims process to be prompt and uncomplicated for the beneficiary. Since a claim is often made fairly soon after the death of a loved one, anything that can be done in advance to facilitate the process should be done. Simple things, like using the beneficiary's given name instead of a nickname or abbreviation of their name, when designating the beneficiary can save a lot of hassle later on.

We often see Patricia listed as Pat, Patsy or Patty on a designation and at the time of payout are unable to wire funds to their individual checking account as the name on their account differs from the name on the Beneficiary form. Even if issuing a check, depositing it can be a nightmare if names differ on the account from the named beneficiary. Funds can be unnecessarily delayed at a time when financial needs have to be met.

AAFMAA takes all necessary and prudent steps to accurately and promptly pay the named beneficiary. You can help make that transaction cleaner by designating your beneficiaries using their given name instead of shortened or nicknames. If you have any questions regarding beneficiary designations, please don't hesitate to call our Beneficiary Assistance Team at 1-800-522-5221, prompt 4 on the menu.

## VGLI or AAFMAA's Level Term II

Many AAFMAA members know the value and significant savings of our Level Term II compared to VGLI.

Some members consider it to be one of the best values they can get. If you are close to retirement or separation please don't forget to **pass the word** to others out-processing with you. The savings over VGLI and most other commercially available policies is significant. Remember, you are AAFMAA. Every referral helps lower your overhead costs.

This ad is running every other week in the *Army Times* and *Air Force Times* on page 9 or 11. Thanks in advance for pointing it out to your colleagues.



### YOUR SERVICE MAY END. YOUR COVERAGE WON'T.

AAFMAA – Better Coverage- Lower Cost- Continues With You

\$400,000 Coverage		\$400,000 Follow-On Coverage; 10 years, Age 50		
AAFMAA	SGLI	AAFMAA	VGLI	
\$19.00*	\$26.00**	\$29*	\$144**	\$268**
Continues to age 90	Stops 120 days	No increases	Age 50-54	Age 55-58

Compare AAFMAA's Level Term I low-cost alternative to SGLI. A great way to supplement your coverage. Unlike SGLI, which stops 120 days after separation or retirement, Level Term II can continue to age 50. AAFMAA's Level Term II is a great follow on with even greater savings. You pick the amount and the term (5 to 30 years) and your rates never change. VGLI increases every 5 years. For over 129 years, military families have trusted AAFMAA.

*No war, No aviation, and No terrorist clauses.*

For complete details call **AAFMAA** toll free: 1-877-398-2263

[www.aafmaa.com](http://www.aafmaa.com)



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 STABILITY • REPUTATION • LOW COST • SINCE 1879  
 Only and for issue Mutual Aid Association 187 Shelton Street, Fort Meade, VA 22051-7138

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Arlington, VA

**2009 Crediting  
Rate at 7%**

**Considerations for  
Young Families**

**Annual Statements  
Being Mailed**

## **AAFMAA Insurance Forms— Now Accepted by FAX or Email**

In December 2008, AAFMAA began allowing all AAFMAA forms, such as life insurance applications, credit card payment forms, EZ-Pay enrollment forms, etc to be accepted by AAFMAA via FAX or scanned and received via email. This allows for more expeditious processing of paperwork and eliminates some of the mailing cost to AAFMAA and its members for sending these forms back and forth through the mail. One exception to this is a Loan Request (against policy cash value) form when the owner's current address, or the address for the requested loan is different from the address on file. In that case, the Loan Request form must be notarized and an original copy must be received by AAFMAA.

*This works very well  
for those soldiers  
and airmen who  
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times are very slow.*

We've already seen a terrific response to this new procedure in our Membership and Insurance Sales and Application Processing Departments. This works very well for those soldiers and airmen who are deployed and for whom mailing times are very slow. It allows us to expedite applications and receive all necessary supporting documentation that much faster. Forms are available on the AAFMAA website [www.aafmaa.com](http://www.aafmaa.com) under "Online Forms" from all pages of the site. The Life Insurance Application is available in our Get a Quote section. If you need help finding a form, please call us at 1-800-522-5221.

