WHITE **PAPER**

AAFMAA WEALTH MANAGEMENT & TRUST

BECOME A MILLIONAIRE BY 65

A COMPREHENSIVE GUIDE TO RETIREMENT READINESS FOR THE MILITARY COMMUNITY

AAFMAA®

COMPASSION • TRUST • PROTECTION

AAFMAA Wealth Management & Trust LLC

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www.aafmaatrust.com

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THIS **WHITEPAPER** IS DESIGNED SPECIFICALLY FOR MEMBERS OF THE MILITARY COMMUNITY

This is your comprehensive roadmap to achieving financial security and potentially becoming a millionaire by 65. We will explore the unique financial challenges and opportunities faced by military personnel, providing actionable steps to ensure a comfortable retirement.

This whitepaper outlines key steps, including consulting with trusted financial professionals, revisiting risk tolerance, diversifying investments, ensuring financial independence for adult children, debt management, budgeting, and the importance of advanced financial planning.

Please enjoy this whitepaper, presented by the military financial professionals with AAFMAA Wealth Management & Trust LLC (AWM&T). We were established in 2012 to exclusively serve, and meet the financial needs, of military families. We provide experienced, trustworthy, long-range financial planning, investment management, and trust administration services to support the financial independence and security of members of the U.S. Armed Forces and their families. We aim to be the premier provider of fiduciary services by always working for our Members' best interests. AWM&T will offer actionable insights to navigate the intricacies of military-focused financial planning. If you're ready to get started, visit aafmaatrust.com or **call us at 910-307-3500.**

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WEALTH MANAGEMENT & TRUST

TABLE OF CONTENTS

INTRODUCTION

As a member of the military community, you have dedicated your life to service, but have you considered how to secure your financial future?

As you enjoy your fifties, the prospect of retirement begins to take center stage in your life. This whitepaper is designed to help you achieve the financial milestone of becoming a millionaire by age 65. We will delve into the financial nuances specific to military personnel and Veterans and provide a comprehensive guide to retirement readiness. Additionally, we will emphasize the importance of collaborating with **military-focused financial professionals.**

THE **IMPORTANCE** OF EARLY PLANNING

Financial readiness for retirement is a goal that should be set early in your military career. Have you ever heard the phrase, "It's the time in the market, not the timing of the market that matters?" The reason is that historically, over long periods, markets have grown. On average, over the last 30 years, the S&P 500 has returned nearly 10% before adjusted for inflation. This long-term positive trend is a game of time and patience. The sooner you invest, and the longer you're in the markets, typically, the more compound interest you will accrue. This means that on top of your principal investment, you'll start earning interest on interest. Never underestimate the time value of money and how you can work it to your advantage. Even if you stop saving, your money may still grow if you start investing young, and you may be able to combat the effects of inflation. Don't wait, start planning now with our military-focused financial professionals to secure your financial future.

INVESTMENT: **$5,000**	NUMBER OF YEARS:	INVESTMENT: **$1,000**
$10,794.62	**TEN** YEARS	**$2,158.92**
$23,304.79	**TWENTY** YEARS	**$4,660.96**
$50,313.28	**THIRTY** YEARS	**$10,062.66**
$108,622.61	**FORTY** YEARS	**$21,724.52**

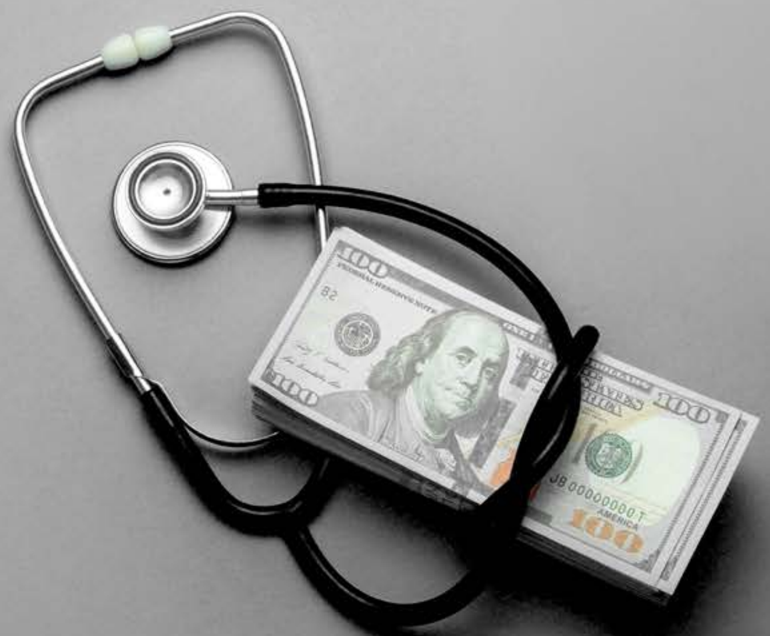
ANNUAL INTEREST RATE: 8%

FINANCIAL **STRESS TEST** FOR MILITARY SUCCESS

Your financial health is much like your physical health. While in the military, you experienced regular evaluations such as PT tests and height, weight, and measurement checks. At this stage in life, it's imperative to conduct a "financial stress test."

This assessment provides a clear picture of your financial readiness and may include evaluating:

- Income
- Expenses
- Assets
- Liabilities and Debt
- Savings
- Emergency fund
- Investments
- Risk number
- Retirement
- Insurance
- Long-term care
- Educational funding
- Net worth
- Overall future financial goals



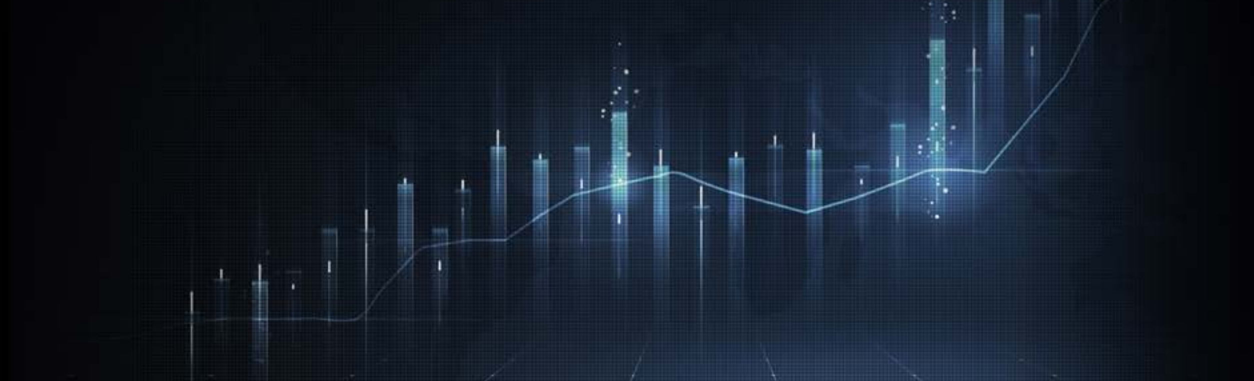
A good start is to consult with an AWM&T financial professional for a complimentary portfolio review. From there, we can help align your assumptions, current investments, and desired lifestyle with the probability of success in your retirement strategy.

REFACTORING **RISK** **TOLERENCE** FOR MILITARY MEMBERS AND VETERANS

Military service involves inherent risks, both in terms of personal safety and financial stability. As you approach retirement, it's crucial to revisit your risk tolerance. With a lifetime of service, you may have already accumulated a substantial nest egg, and you may already have enough capital that an average return will grow your current investments to the point that they'll cover your retirement. The need for high-risk investments may diminish, and lowering your risk exposure as retirement approaches can help protect your financial well-being. Whereas you had time in your youth to recover from sudden downturns and market fluctuations, refactoring your risk tolerance to your current age, needs, financial standing, and goals is key.

Another element to consider and understand is your time horizon and how that impacts how assets are allocated. For instance, if someone is age 40 and doesn't expect to touch their assets until age 65 or until Required Minimum Distribution (RMD) age, that could impact the allocation for those assets.

AWM&T offers a complimentary risk assessment tool to help you get started. From there, our team of professionals can help you adjust your investment strategy to align with your evolving risk tolerance and retirement goals.

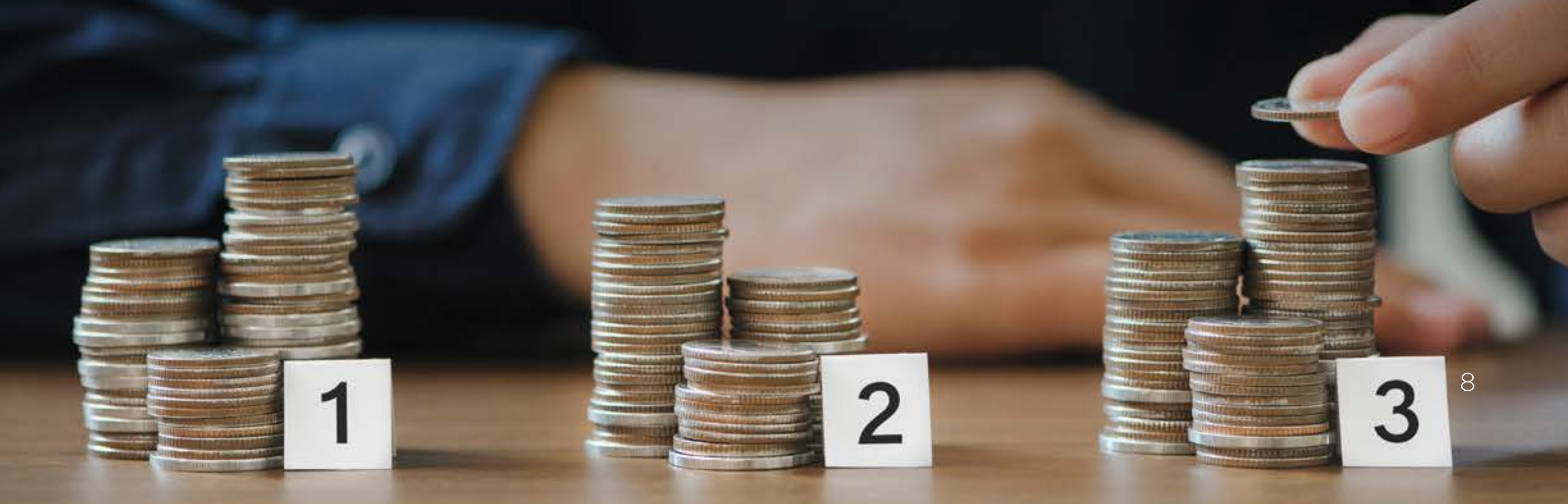


DIVERSIFICATION: SHIELDING YOUR FINANCIAL FUTURE

Although military benefits such as the Thrift Savings Plan (TSP) and TRICARE for Life can provide a solid foundation for expenditures and retirement savings, proper diversification is key to maximizing returns and minimizing risk.

Diversification of your **investment portfolio** is crucial to mitigate the impact of market volatility. This means that you're investing your money across different asset classes — such as stocks, property, bonds, private equity, fixed income, cash, real estate, and commodities. Different asset classes tend to perform differently under various market conditions; by investing in multiple asset classes, investors can aim to create a diversified portfolio that balances risk and return. Diversification reduces risk because asset classes fluctuate, meaning that some perform well while others take a dip. The adage "Don't put all your eggs in one basket" applies, because with diversification, if one investment fails or performs poorly, you won't lose all your money. Having a variety of investments with different risks will balance out the overall risk of a portfolio.

At AWM&T, our team is empowered to assess market trends, risk factors, and investment opportunities with remarkable accuracy. Our data-driven approach not only enhances the precision of our investment strategies but also enables us to adapt swiftly to changing market conditions and make sound decisions regarding your assets.



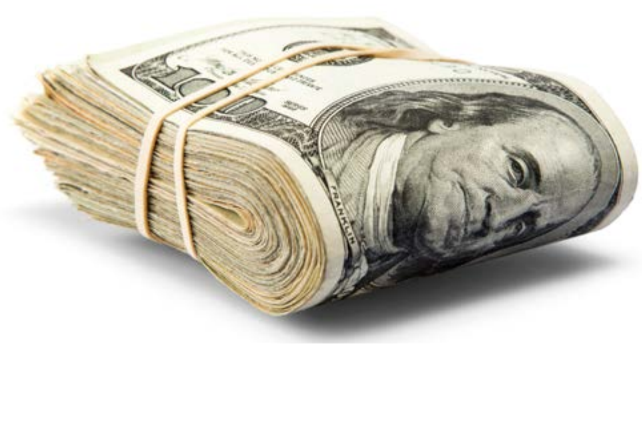
EMPOWERING **YOUR MILITARY FAMILY:** FINANCIAL INDEPENDENCE

Empowering your family members to achieve financial self-sufficiency is a vital part of military retirement planning. Educate and collaborate with them to create a plan that allows them to pay for their own expenses, debts, and financial goals. This ensures that your retirement savings are preserved for your needs. Additionally, **children of Veterans** have access to various benefits and support programs that can help with healthcare, employment, and financial assistance in the event of their parent's passing.

DEBT MANAGEMENT:
CLEARING THE PATH TO **FINANCIAL FREEDOM**

Military families often encounter unique financial challenges, including military loans and credit card debt (this often occurs through the MILITARY STAR Card). Furthermore, it's not uncommon to have moving expenses associated with frequent PCS moves, travels home to see parents and grandparents, and surprise "Murphy's Law" expenditures during deployments.

If you're just starting your financial journey, creating an emergency fund is a good first step to prevent becoming indebted to lenders. An emergency fund is a category of savings dedicated exclusively to urgent, unplanned expenses. With an adequate emergency fund, you have money available for disasters or other adverse events without using credit cards or loans. A strong start is to put aside $1,000. From there, most financial advisors recommend an emergency fund that covers between two and six months of living expenses. For a military family with a good credit history, three months' base pay is usually sufficient. However, if you have weak credit, a poor health history, or a complicated financial situation, six months' worth of expenses is more prudent.



As a rule of thumb, monthly consumer debt should not exceed 20% of your monthly net income (after tax and other deductions from your gross pay). **Keep in mind of these examples:**

"Good" debt. A 15-year mortgage or a three-year car loan.

"Reasonable" debt. A 30-year mortgage or a five-year car loan.

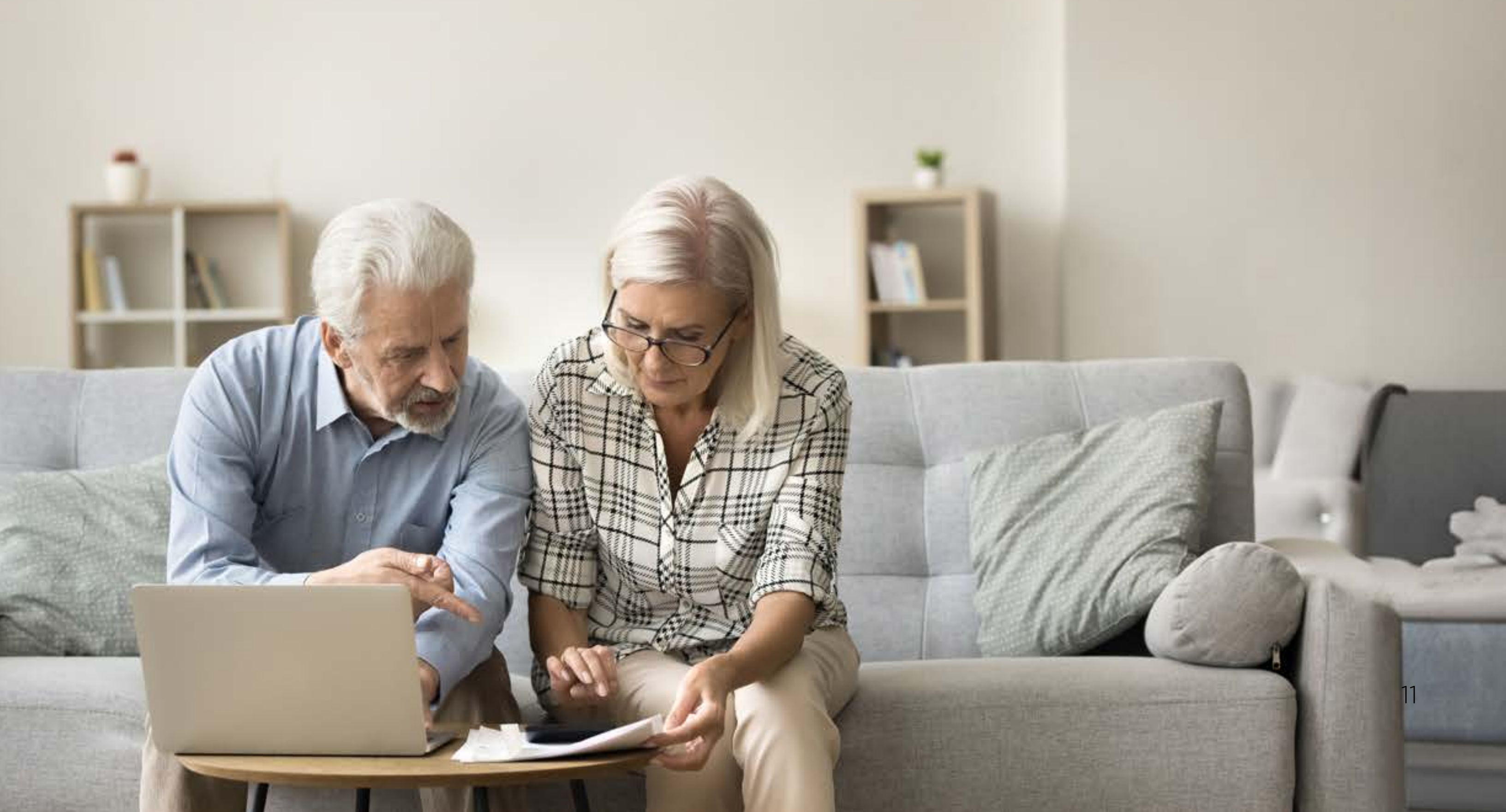
"Bad" debt. Carrying credit card (consumer) debt each month and being subject to additional interest.

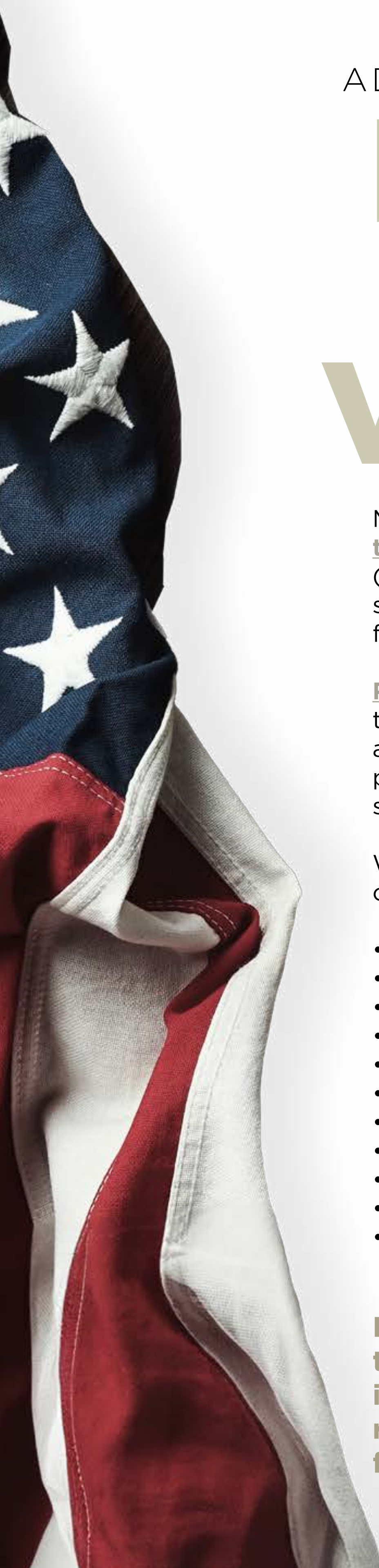
Retiring with debt can be a significant risk, and one of the most critical steps is to pay off all outstanding debts. This means paying off not just your mortgage, but also paying off outstanding vehicle loans, credit card balances, and student loans. This will lighten your financial burden and also enable you to invest more funds into your future, providing peace of mind as you enter retirement. Our team of AWM&T Financial Planners can guide you in creating a customized plan tailored to your military income and retirement goals.

RIGHT-**SIZING** MILITARY EXPENSES

MILITARY RETIREMENT BENEFITS, INCLUDING PENSIONS, HEALTHCARE, AND VETERANS AFFAIRS (VA) BENEFITS **ARE VALUABLE ASSETS.**

It's key to collate these with your cash flow and create a budget that reflects your expected expenses in retirement. This includes healthcare costs, discretionary spending, and a financial cushion for unexpected events. **Collaborate with your spouse** (if applicable) to set a reasonable budget for yearly vacations and other variable expenses. As you age, life insurance may become unnecessary, but long-term care insurance is often essential to safeguard against healthcare expenses for you or your spouse. AWM&T can help you understand and **maximize these benefits,** ensuring you receive the support you deserve in retirement.





ADVANCED **FINANCIAL** PLANNING FOR MILITARY PERSONNEL AND VETERANS

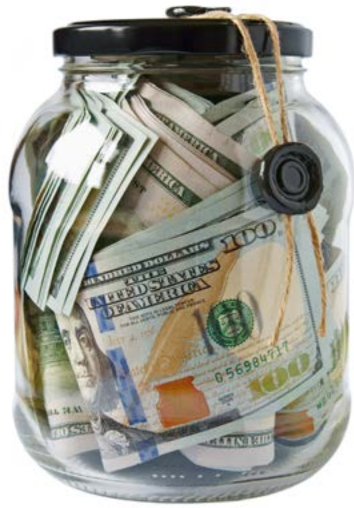
Military retirement presents unique challenges, such as transitioning to civilian life, navigating the Veterans Affairs (VA) system, and optimizing military benefits. AWM&T specializes in addressing these challenges, offering advanced financial planning tailored to military personnel.

Retirement planning is complex, and there are many nuances to consider. Even if you are a highly successful investor, seeking advanced financial planning specific to retirement from professionals like AWM&T can provide invaluable insights and strategies tailored to your unique situation.

When developing your personalized retirement strategy, we consider your:

- Thrift Savings Plan (TSP)
- Military Pension Benefits
- VA Disability Benefits
- Social Security
- IRAs
- 401(k)s
- Net worth
- Cash flow
- Insurance
- Education funding
- Estate plan

By partnering with AWM&T, you gain access to a team of financial professionals who understand the intricacies of military retirement planning. You'll receive a personalized roadmap to ensure your financial security.



CONCLUSION

Your financial future as a member of the military community is within reach. Retirement readiness is a multifaceted endeavor that demands careful consideration and proactive planning. This whitepaper serves as a valuable guide to help you navigate the path to a secure and fulfilling retirement. By setting ambitious goals, taking proactive steps, and seeking guidance from military-focused financial professionals at AWM&T, you can start the path to achieving financial success in retirement. We are uniquely positioned to understand the specific needs and challenges of your military family. By teaming up with us, you'll gain access to tailored financial guidance and strategies that align with your military career and retirement aspirations.

To begin your journey toward becoming a 65-year-old millionaire and ensure a secure retirement, contact **AAFMAA Wealth Management & Trust LLC (AWM&T).** Our guidance, fiduciary standards, and commitment to military personnel can help you navigate the unique challenges and opportunities of military retirement planning. Reach out today by emailing **wealthmanagement@aafmaa.com** or calling 910-307-3500 to schedule a consultation and take the first step toward your financial goals.

CONTACT US

Contact AAFMAA Wealth Management & Trust LLC today
and embark on a path to financial peace of mind.

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