

Executive Management Program Benefits

*For Eligible Civilian
Employees of the
Army and Air Force
Exchange Service*

****PART II SUPPLEMENTAL GROUP LIFE (SURVIVOR BENEFITS) AND
SUPPLEMENTAL ACCIDENTAL DEATH INSURANCE COVERAGE
CEASE UPON RETIREMENT AND/OR TERMINATION.**

FOREWORD

This is an updated to the July 1971 Executive Management Program Benefits Booklet. Changes are noted with a # in front of the paragraph affected.

The non-vested, forfeitable benefits, as described in this Booklet for Executive Management Program Employees, include the Supplemental Deferred Compensation (retirement) Plan and Supplemental Group Life (Survivor Benefits) and Supplemental Accidental Death Insurance

Part I is an explanation of the Supplemental Deferred Compensation Plan. Part II is an explanation of the Supplemental Group Life (Survivor Benefits) and Supplemental Accidental Death Insurance. The benefits described in Part I apply only to members of the Revised Executive Management Program (date of program revision was 10 December 1969). Those described in Part II apply to all members of the Executive Management Program who are enrolled in the AAFES Group Insurance Plan.

To qualify for entrance into and retention in the Revised Executive Management Program, employees who have attained the required executive grade level must accept and continuously fulfill very rigorous standards of employment. Among those rigorous standards are (i) acceptance of assignment to any worldwide exchange location at any time and for any tour of duty deemed appropriate by the Employer, even though separation from families may be required because of lack of authorization for, or inadvisability of, dependent accompaniment; (ii) the member's continuous development and improvement of his executive ability; and (iii) acceptance of employment termination for retirement, without recourse to the normal employee grievance procedure, at the option of the Employer at any time after completion of at least 20 years of service.

These non-vested, forfeitable benefits are in recognition of the revised EMP employees obligations, as well as the lesser obligations of the employee still holding status in the Executive Management Program as in existence prior to 10 December 1969.

In case of members of the revised EMP, these benefits supplement those currently published in the Retirement Annuity Plan Booklet, or as it may be changed in the future. In the case of members of either the original EMP or the revised EMP, these benefits also supplement those described in the currently published Group Life Insurance Summary Plan Description or as they may be changed in the future. Consequently, it would help the reader to have a thorough understanding of those booklets.

This Booklet provides EMP members the principal features of the EMP Supplemental Benefits plans. As it is only a summary, however, the provisions of the official plans and the official contracts issued by the Fund Administrator will control in all cases. You may review the official contract at Headquarters, AAFES Treasury (FA-T) in Dallas, Texas.

Differences between this Intranet version of the EMP booklet and the published booklet (dated July 1971) exist. Changes are noted by a # at the beginning of the paragraph.

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PART 1

THE REVISED EXECUTIVE MANAGEMENT PROGRAM SUPPLEMENTAL DEFERRED COMPENSATION PLAN

EFFECTIVE DATE

The Supplemental Deferred Compensation Plan was originally established in 1958. The current program was approved by the AAFES Board of Director effective on 10 December 1969 and amended in 1975, 1980, 1983 and 1991 and 1993. It supplements the Basic Retirement Annuity Plan as currently published, or as it may be further amended.

DEFINITIONS

As used in this Booklet, special meaning terms and words are defined as follows:

(a) "Supplement Plan" means the Supplemental Deferred Compensation Plan applicable to members of the Revised Executive Management Program. (Plan was formerly referred to as the Retirement Income Plan.)

(b) "Basic Plan" means the Retirement Annuity Plan for all eligible employees of the Army and Air Force Exchange Service, effective 1 June 1946, as currently amended.

(c) "Revised Executive Management Program" means the new Executive Management Program set forth in AR 60-21/AFR 147-15, as currently published.

(d) "Member" means an employee who is both a member of the Basic Plan and a member of the Revised Executive Management Program. (To receive deferred compensation benefits under the Supplemental Plan, the member must qualify under the criteria set forth in the following section entitled "Eligibility for Supplemental Deferred Compensation.")

(e) "Credited Civilian Service," "Credited Service," and "High-3 Years Average Compensation" are explained on in the Basic Retirement Plan Booklet.

(f) The pronoun "he," and masculine variations thereof, used throughout this Booklet, is also intended to encompass the feminine pronoun "she," and variations thereof, according to the sex of the individual member, unless the context indicates otherwise.

(g) "Spouse" means the member's wife, or husband; or widow or widower.

(h) "Fund Administrator" means the agency holding the contract for administering the Fund, receiving the periodic employer payments into the Trust, and paying Supplemental Deferred Compensation to retired members.

ELIGIBILITY FOR SUPPLEMENTAL DEFERRED COMPENSATION

A member is eligible for deferred compensation under the Supplemental Plan upon meeting any one, or more, of the conditions set forth in (a) or (b) below. Benefits payable under the Supplemental Plan before Cost-Of-Living Adjustment, when combined with benefits payable under the Basic Plan (before reduction for Social Security Offset), may not exceed 75% of the High-3 average salary.

(a) He has been terminated for one of the following reasons and receives an immediate annuity under the Basic Plan.

- (1) Normal Retirement.
- (2) Voluntary Early Retirement.
- (3) Deferred Retirement (after attaining age 62 -- with at least five years of Credited Civilian Service).
- (4) Disability

(b) He has been terminated involuntarily (against his will and without his consent) for reasons other than cause or a declination of a transfer after completing at least 20 years of Credited Civilian Service. Persons retired under this provision will be assessed a 1/6% per month penalty for each month that the involuntary retirement date precedes the date the employee would have become eligible for voluntary early retirement.

(c) He has offered his resignation, after completing at least 25 years of Credited Civilian Service, or after completing at least 20 years of Credited Civilian Service and attaining 50 years of age. These conditions also apply:

(1) The person's resignation must be in response to an announcement by the Commander, AAFES, that the segment of work force of which he is a part must be reduced.

(2) The announcement must state that Members who meet the age and Credited Civilian Service requirements may resign and receive supplemental deferred compensation according to this plan.

(3) The employee's resignation under these circumstances must be accepted by the Commander, AAFES.

Persons retired under this provision will be assessed a 1/6% per month penalty for each month that the involuntary retirement date precedes attainment of age 55.

(d) Supplemental Deferred Compensation is not payable if termination occurs under other conditions, such as:

(1) Voluntary termination before being eligible for Voluntary Early Retirement under the Basic Plan.

(2) Optional Early Retirement under the Basic Plan.

(3) (deleted)

(4) Involuntary termination prior to completion of at least 20 years of Creditable Civilian Service.

(5) Involuntary termination for cause or declination of a transfer, regardless of age and amount of Creditable Civilian Service.

AMOUNT OF SUPPLEMENTAL DEFERRED COMPENSATION

General

The yearly amount of retirement income payable to the member under this Plan will equal (a) below, minus the total (b), plus (c) below:

(a) 2 1/2% of the member's High-3 average compensation multiplied by the number of years of his credited service.

(b) The amount of annuity provided for the member under the Basic Plan before reduction for either Social Security Offset, or survivor annuity, if applicable.

(c) 10% of the base amount elected under this Plan for survivor's income.

The amount payable under this Plan before Cost-of-Living Adjustment, together with the amount payable under the Basic Plan (before reduction for the Social Security Offset), however, cannot exceed 75% of the High-3 average compensation.

Special Rules

On involuntary retirement upon or after completing at least 20 years but less than 25 years Credited Civilian Service, special rules apply. These rules are:

(a) No benefits will be paid under the Basic Plan until age 62. Consequently, the Supplemental Deferred Compensation will be payable during the interim without reduction for Basic Plan Annuity.

(b) At time of employment termination for retirement under the above circumstance, the member's Basic Plan annuity, to become payable at age 62, will be computed and recorded. The Social Security Offset, also to become applicable at age 62, will be computed, as though the member were then age 62, and recorded.

(c) Payment of the Supplemental Plan Deferred Compensation under this circumstance is predicated on commencement of payment of the Basic Plan retirement annuity at age 62.

Accordingly, the retired member may not withdraw his contributions nor commence receiving an annuity from the Basic Plan prior to age 62. Doing so would result in immediate cancellation of his Supplemental Deferred Compensation payments.

(d) At age 62, upon commencement of payment of the Basic Plan annuity, the Supplemental Deferred Compensation payments will be appropriately reduced.

PAYMENT OF SUPPLEMENTAL DEFERRED COMPENSATION

Deferred Compensation

Payment of Supplemental Deferred Compensation will commence as of the first day of the month following the month during which the member is terminated under a qualifying condition; payment is expected to continue until the member's death.

Disability Compensation

In the case of termination for disability, payment of Supplemental Disability Income will begin as of the first day of the month as approved by the Employer as a consequence of the member's valid application, or as a consequence of a unilateral disability determination by the Employer. Supplemental Disability Income payments will continue until the earlier of (i) the member's death or (ii) the date he ceases to be eligible for disability annuity payments under the Basic Plan.

Survivor Income to Widow or Dependent Widower -- Upon Death in Service

If Supplemental Plan Income is payable to the surviving spouse of a member who dies before retirement, the income will continue until the earlier of (i) the spouse's death or (ii) the date the spouse ceases to be eligible for survivor annuity under the Basic Plan.

Survivor Income to Widow or Widower -- Upon Death After Retirement

If a surviving spouse income is payable upon death of the member after retirement, it will cease with the last monthly payment prior to the earlier of (i) the spouse's death or (ii) the spouse's remarriage, if remarriage occurs before age 60. If such remarriage is terminated by death, annulment, or divorce, deferred compensation payments may again commence to the eligible surviving spouse.

WIDOW -- OR DEPENDENT WIDOWER'S -- SUPPLEMENTAL INCOME ON THE MEMBER'S DEATH IN SERVICE

Eligibility

When the Surviving Widow -- or Dependent Widower -- Annuity is determined payable following a member's Death in Service, as described on in the Basic Retirement Plan Booklet, a Survivor Income will be payable under this Plan if supported by the member's amount of credited service.

Amount

In determining any amount payable to the survivor, first 2 1/2% of the member's High-3 average compensation multiplied by the number of years of his credited service will be computed. The result is then multiplied by 55%. If that amount exceeds the Widow -- or Dependent Widower's - Annuity payable under the Basic Plan, prior to the Social Security Offset, as described in the Basic Retirement Plan Booklet, the difference will be payable in monthly installments to the survivor.

If the Spouse's Annuity payable under the Basic Plan, prior to the Social Security Offset, equals or exceeds the result of the above calculation, no income will be payable under the Supplemental Plan.

As a practical matter, because of the provisions of the Basic Plan, in most cases, Supplemental Income will not be payable to the survivor of a deceased member who had less than 16 years of credited service, while with more than that length of credited service, it usually will be payable. The amount will increase as credited service increases -- up to a maximum of 30 years. In no event will the yearly total of the Basic Plan Annuity to the Widow (or Dependent Widower) plus Supplemental Deferred Compensation from the plan exceed 55% of 75% of the member's annual salary derived through the High-3 average compensation method. Also under no circumstances will Deferred Compensation under this plan be payable after the member's to anyone other than the surviving widow or widower.

SPOUSE'S DEFERRED COMPENSATION UPON DEATH OF THE MEMBER AFTER RETIREMENT

Eligibility

The spouse must have been married to the member at the time the member commenced receiving Supplemental Deferred Compensation under this Plan.

The member must have elected or accepted Supplemental Deferred Compensation with a provision for Survivor Income under this Plan.

Under no circumstances is Survivor Income under this Plan payable after the member's death to anyone other than the surviving spouse.

Amount

The member must elect as the base for Survivor Income either all or none of his retirement income under the Supplemental Plan. The amount payable to the eligible surviving spouse will be 55% of the base amount elected.

Special Rules

If the member qualifies for Deferred Compensation under the Supplemental Plan before the Basic Plan retirement annuity is payable, special rules apply. These rules are:

(a) At time of termination for retirement, the member must make an irrevocable, written election specifying the election of Basic Plan retirement annuity and Supplemental Plan Deferred Compensation, in each instance with, or without, survivor benefit.

(b) The election may be for all, none, or any portion of the Basic Plan annuity. Application of this election becomes effective at age 62 on commencement of Basic Plan annuity payments.

(c) The election must be for either all or none of the Supplemental Deferred Compensation payable at age 62 (after commencement of annuity payments under the Basic Plan).

(d) If a survivor benefit is provided for under the conditions stipulated in (a), (b), or (c), above, the total base amount elected will be applied to the entire Supplemental Deferred Compensation payable to the member until he attains age 62 (rather than to the equivalent, lesser lifetime Basic Plan annuity applicable at age 62 -- after the Social Security Offset -- plus the Supplemental Deferred Compensation then payable).

(e) Should the member die before attaining age 62, the eligible surviving spouse income will be 55% of the base amount elected by the member at the time of retirement for both Basic and Supplemental Plans combined.

(f) In the interim between the member's retirement and age 62, the total amount payable to the member is greater than the total amount payable under both the Basic and Supplemental Plans after age 62. (This is because the Social Security offset under the Basic plan comes into effect at age 62.) The member may elect the Survivor Annuity option on this excess (temporary) portion, in which case a 10% reduction will also be applied to this portion. Should the member then die before attaining age 62, the eligible surviving spouse income will include 55% of the base amount elected on this temporary portion, but this portion of the surviving spouse income will be payable only until the widow or widower attains age 60.

COST-OF-LIVING ADJUSTMENTS

The income payable under the Supplemental Plan will be increased at the same time and by the same percentage as provided under the Cost-of-Living Adjustment provisions of the Basic Plan. As in the Basic Plan, the percentage amount will be the same as that provided for under the Cost-of-Living Adjustment feature of the Civil Service Retirement Act, as amended. Such increases adjust for increases in the Consumer Price Index (CPI-W). The survivor income is also subject to these adjustments. The initial survivor income benefit payment will reflect the compounded percentage Cost-of-Living increases which had been applied to the member's income from the date he commenced receiving it; future Cost-of-Living increases will be applied, as well.

CONTRACT

Member's rights and benefits under the Supplemental Plan outlined in this booklet are governed by the official Plan document and by the Contract between the Employer and the Fund Administrator.

All rights created under this Plan shall be mere unsecured rights of the members against AAFES. The rights of the members under this Plan may not be anticipated, pledged, assigned (either at law or in equity), alienated or be subject to attachment, garnishment, levy, execution or other legal process.

This booklet outlines the principal features of the Contract and the Plan; its interpretation is subject in every respect to the terms of both.

METHOD OF FUNDING

The Employer contributes 100% of the funding to the Plan. These funds are held in a Grantor Trust. Members are not required or permitted to make contributions to the Plan. The Fund Custodian and Investment Advisors manage the Grantor Trust assets for the benefit of the Plan's Members. When members retire, their Supplemental Deferred Compensation benefits are paid out of the Trust.

FUTURE OF THE SUPPLEMENTAL PLAN

The Employer intends to continue the Supplemental Plan indefinitely. However, the Employer (AAFES) reserves the right to change, suspend, or end the Supplemental Plan anytime. Benefits are non-vested and forfeitable.

If the Plan ends, net assets of the Plan will be allocated according to Article VII of the Plan Agreement in the following order:

- (a) First, to provide benefits to any retired participants and to their survivors.
- (b) Second, to provide retirement income payments to participants who are eligible for immediate retirement income but whose deferred compensation payments have not yet commenced.
- (c) Third, to provide deferred compensation payments becoming payable to participants and their survivors after the Plan ends.
- (d) Fourth, to provide deferred compensation payments to survivors or participants who have died before the plan terminates while in service of AAFES.

The Plan bases the allocations of the amounts, if any, for full or reduced deferred compensation payments on applicable actuarial values. Cost of living adjustments after the Plan terminates is not provided. The actuarial valuation will figure out any reduction in the deferred compensation payments due to insufficiency of available assets. Also, the Plan will pro rate all deferred compensation payments under any of the successive allocations, except in paragraph d above.

If any of the assets remain after all allocations, the Plan will provide for cost-of-living adjustments. If any assets remain after payment of all liabilities, AAFES will transfer the funds to the Basic Plan.

PART II

SUPPLEMENTAL GROUP LIFE (SURVIVOR BENEFIT) AND SUPPLEMENTAL ACCIDENTAL DEATH INSURANCE

EFFECTIVE DATE

The Supplemental Group Life (Survivor Benefits) Insurance Plan became effective on 1 June 1968; the Supplemental Accidental Death Plan became effective on 1 July 1961. Both plans are supplements to the AAFES Group Life Insurance Plan, the principal features of which are set forth in the most recent edition of the applicable Summary Plan Descriptions.

ELIGIBILITY

A participant in the AAFES Group Insurance Plan is eligible for Supplemental Group Life (Survivor Benefits) and Supplemental Accidental Death Insurance only if he satisfies one of the requirements set forth in (a), (b), or (c) below, and is not excluded by (d) below:

(a) Is a member of the Revised Executive Management Program, as defined in Part I of this Booklet, in item (c) under Definitions.

(b) Is a member of the Executive Management Program in existence prior to the revision referred to in (a), above, even though not a members of the Revised Program.

(c) Is granted Executive Management Program status in the future.

(d) Is not both disabled and away from work on the first day Supplemental Insurance would become effective. In that event the insurance becomes effective only upon the member's return to work on a full-time basis.

BENEFICIARY DESIGNATION FORM

To facilitate administration of the Supplemental Group Life and Accidental Death Insurance, be sure to complete the AAFES Beneficiary Designation Form (AAFES FORM 1700-12). This form is used to designate your beneficiary for supplemental group life insurance (if enrolled in the group plan). It's also used to designate your beneficiaries for Unpaid Compensation, retirement contributions and life insurance (if applicable). Be sure to keep this form up-to-date.

SUPPLEMENTAL LIFE (SURVIVOR BENEFITS) INSURANCE

Executive Management Program employees who are participants in the AAFES Group Insurance Plan are provided with Supplemental Life (Survivor Benefits) Insurance coverage. Upon death, a Survivor Benefit will be payable, in one sum or in installments, as provided below, in an amount determined as follows:

(i) If the Survivor Benefit is payable in installments, the monthly amount shall be one-twelfth of the applicable Annual Survivors Benefit shown in the Schedule of Insurance. These benefits shall be payable during the entire applicable Benefit Payment Period determined from said schedule, except that, in the event of death of a designated beneficiary, after one or more installments have become payable, the present value of the unpaid installments due that beneficiary will be paid in one sum to the deceased beneficiary's estate.

(ii) If all or a portion of the Survivor Benefit is payable in one sum, the amount of the lump sum payment shall be the present value of that portion of all installments payable in one sum, calculated at the applicable rate of interest on the date the lump sum payment becomes due.

The "applicable rate of interest" will be the rate of interest used in determining reserves according to the applicable statutory requirement for the benefits payable to a given individual.

The whole or any part of any Survivor Benefit payable shall be paid to the beneficiary as follows:

(a) Payment in one sum, if the beneficiary is a corporation, partnership, association, institution, trustee, fiduciary, or the Employee's estate;

(b) Payment in one sum of the amount due the estate of a beneficiary whose death occurs after installment payments have commenced but before all installments are paid; otherwise;

(c) Payment shall be made in monthly installments, if the beneficiary is other than as provided in (a) and (b) above. The first installment shall become due and payable as of the first day of the calendar month next following the Employee's death. Subsequent installments shall be payable as of the first day of each subsequent calendar month. However, no installment shall be payable after the earlier to occur of (i) the death of all designated beneficiaries and (ii) the end of the applicable Benefit Payment Period determined from the Schedule of Insurance. If all designated beneficiaries die before the end of the applicable Benefit Payment Period, the present value of all of the unpaid installments will be paid to such beneficiary's executors or administrators.

The annual amount and period of time over which payments are made are determined by the age attained by the member at time of death, according to the following Schedule of Insurance:

Age of the Member At time of Death	Period for Which Benefits Will be Paid (Years)	Annual Payment as a Percentage Of the Regular Plan Group Life Insurance Applicable to the Member
Under 35	18	25%
35-39	15	25%
40-44	10	20%
45-49	7	15%
50-54	5	12.5%
55-59	3	12.5%
60 or more	2	12.5%

SUPPLEMENTAL ACCIDENTAL DEATH INSURANCE

Executive Management Program members participating in the AAFES Group Insurance Plan are provided with Supplemental Accidental Death insurance. The amount equals the amount of Accidental Death (Principal Sum) insurance coverage provided by the AAFES Group Insurance Plan, or 200% of the annual rate of basic earnings. (When this is not an exact multiple of \$1,000, the amount will be rounded to the next highest \$1,000). This benefit is payable to the designated beneficiary in case of accidental loss of life sustained within 90 days following an accident, including loss of life resulting from an occupational accident, and provided the accident occurred while the member was covered by the AAFES Group Insurance Plan and had Executive Management Program status.

Excluded is loss of life because of, or contributed to by:

- (1) Bodily or mental infirmity; or
- (2) Disease, ptomaines, or bacterial infections; or
- (3) Medical or surgical treatment (unless made necessary by an injury covered under the Plan); or

(4) Suicide or attempted suicide (sane or insane), or intentionally self-inflicted injury; or

(5) War or any act of war declared or undeclared. Note: This exclusion is waived for a period not to exceed 90 days for a maximum of 50 employees that move from regular duty to a war zone. This period of waiver may be extended by mutual agreement between Aetna and AAFES.

DURATION -- AND TERMINATION -- OF COVERAGE

Coverage will continue as long as the member retains status in the Executive Management Program and remains enrolled in the AAFES Group Plan. Coverage will immediately cease should a member cease to participate in the AAFES Group Plan or no longer hold status in the Executive Management Program, regardless of the reason. If death should occur within 31 days after coverage ceases, the Supplemental Group Life (Survivor Benefit) will be payable to the designated beneficiary. An employee, no longer covered, may upon proper application directly to the insurance company, and upon paying the first premium due, convert, also within the first 31 day period, the commuted value of his Supplemental Group Life (Survivor Benefit) Insurance to an individual life insurance policy. A medical examination will not be required; the premiums charged will be at the insurance company's regular rates. If desired, a preliminary period of not more than one year of term insurance coverage may be obtained; otherwise, only a regular whole life or an endowment plan is available under this conversion possibility.

CHANGE OR DISCONTINUANCE OF THE SUPPLEMENTAL GROUP LIFE (SURVIVOR BENEFIT) AND ACCIDENTAL DEATH INSURANCE PLAN

It is hoped that this Plan will be continued indefinitely. As is customary in Group Insurance Plans, however, the right of change, or discontinuance, at any time is reserved to the Employer and to the Insurance Company administering the Plan.

Supplemental Life (Survivor Benefit) and Supplemental Accidental Death Benefits underwritten by the Aetna Life Insurance Company
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