Annual Member Statement for
The Retirement Annuity Plan for Employees of the
Army and Air Force Exchange Service Trust
and
Trust for Retiree Medical Dental and Life Insurance Plan of
Army and Air Force Exchange Service

Introduction

This member statement provides valuable information about the funding status of The Retirement Annuity Plan for Employees of the Army and Air Force Exchange Service Trust (Pension Plan) and Trust for Retiree Medical Dental and Life Insurance Plan of the Army and Air Force Exchange Service (Postretirement Medical or PRM Plan), collectively called "the Plans". Information herein is a joint publication of the Army & Air Force Exchange Service (Exchange) and the Plans' Board of Trustees. As the Plans represent a valuable retiree benefit, Exchange leadership and the Board of Trustees provide this statement to better ensure members' understanding of the financial status and security of current and future payments. This notice is for the Plan years ending on 31 January 2026 and 1 February 2025 ("Plan Year") which correspond to the Exchange's fiscal years. This statement is for informational purposes only.

Your Pension and PRM benefits are defined benefits, meaning they are calculated based on your length of service with the Exchange and a specific formula set out in the Plans' provisions. While market performance does not directly determine your benefit amount, the Plans are funded through investments intended to support current and future obligations. Exchange leadership and the Plans' Board of Trustees monitor the overall long-term health of the Plans. Key measures include:

- Funding levels and funding ratios
- Investment policy compliance and diversification
- Plan assets, contributions, and expenses
- Demographics of current and future beneficiaries

Funding

Plan funding can best be described as the ability of total plan assets to pay for current and future plan liabilities/obligations, with the "funding ratio" used as its primary metric. The funding ratio measures the Plans' assets relative to their liabilities and indicates the ability to meet future benefit payments. In general, the higher the percentage, the better plans are funded. Funding ratios fluctuate due to market performance, interest rates, contributions, inflation, and other economic factors. The Exchange targets a funding ratio of between 80% and 120%.

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The Plans' funding ratio as of 31 January 2026 and 1 February 2025 are shown in the chart below:

(in Millions)				
Valuation Date	**31 January 2026**		**01 February 2025**	
	Pension	**PRM**	**Pension**	**PRM**
Plan Assets	$ 5,812	$ 2,344	$ 5,527	$ 2,189
Plan Liabilites	(4,158)	(1,145)	(4,077)	(1,053)
Surplus	$ 1,654	$ 1,199	$ 1,450	$ 1,136
Funding Target %	139.8%	204.7%	135.6%	207.9%

Investment Policy and Diversification

The Board of Trustees establishes the investment policy for Plan assets. The objective is to balance risk and return while maintaining sufficient liquidity to meet benefit obligations. The Trustees oversee:

- Target asset allocations
- Investment decisions
- Diversification across asset classes
- Selection of actuaries, consultants, and custodians

The chart below summarizes the target asset allocation by major asset classes as of 31 January 2026:

Asset Class Targets by Portfolio		
Plans	**Pension**	**PRM**
Public Equity (Stocks)	25%	20%
Fixed Income (Bonds)	43%	50%
Real Assets and Commodities	16%	16%
Private Equity	8%	7%
Private Credit	8%	7%
Total Assets	**100%**	**100%**

Summary of Plan Assets

Total Plan assets increased from $7,716 million to $8,156 million. The Pension Plan and PRM Plan reported surpluses of $1,654 million and $1,199 million, respectively, primarily reflecting market performance, interest rates, and economic conditions. During the year:

- Employee contributions totaled $4 million
- Benefit payments were $379 million
- Administrative expenses were $17 million

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The chart below summarizes the changes in Plan years ending on 31 January 2026 and 1 February 2025:

(in Millions)

Valuation Date	31 January 2026			01 February 2025		
	Pension	PRM	Total	Pension	PRM	Total
Fair value of Plan assets, prior measurement	$ 5,527	$ 2,189	$ 7,716	$ 5,312	$ 2,061	$ 7,373
Plus: Contributions received						
Employer contribution	-	-	-	-	-	-
Employee contribution	4	-	4	4	-	4
Total contributions	4	-	4	4	-	4
Plus: Actual return on assets	603	229	$ 832	530	196	$ 726
Less: Expenditures						
Benefit payments	(305)	(74)	(379)	(302)	(68)	(370)
Administrative expenses	(17)	-	(17)	(17)	-	(17)
Total expenditures	(322)	(74)	(396)	(319)	(68)	(387)
Equals: Value at end of year	**$ 5,812**	**$ 2,344**	**$ 8,156**	**$ 5,527**	**$ 2,189**	**$ 7,716**

Participant Information

As of January 31, 2026, the Pension Plan included 24,990 participants:

- 8,945 active employees
- 14,199 retirees receiving benefits
- 1,846 former employees entitled to future benefits

Additional Information

Retirees:

Register on the eBenefits portal at https://ExchangeBenefits.ehr.com to update your address, request pension verification statements, update tax elections, or change direct deposit information. Should you have further questions, please call the Pension Support Center at 1-800-519-3381. If you reside outside the United States, please call 1-412-449-9877 (toll-free). You may also visit **Retiree Self Service** (https://odin.aafes.com/RetireeSelfService) for additional information about your benefits.

Current Employees:

Visit Employee Self Service for additional information about your benefits.