AARON'S INC
Form 11-K
June 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ý Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2014

.. Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from to .

Commission file number 1-13941

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Aaron’s, Inc. Employees Retirement Plan and Trust

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Aaron’s, Inc.
309 E. Paces Ferry Road, N.E.
Atlanta, GA 30305-2377

Aaron's, Inc. Employees Retirement Plan and Trust
Audited Financial Statements and Supplemental Schedules
Years Ended December 31, 2014 and 2013
Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Employee Benefits Committee
Aaron's, Inc. Employees Retirement Plan and Trust

We have audited the accompanying statements of net assets available for benefits of the Aaron's, Inc. Employees Retirement Plan and Trust (the Plan) as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.
The supplemental information in the accompanying schedule H, line 4i - schedule of assets (held at end of year) as of December 31, 2014 and schedule H, line 4a - schedule of delinquent participant contributions for the year then ended has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated

whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Windham Brannon, P.C.
Atlanta, Georgia
June 26, 2015

Aaron’s, Inc. Employees Retirement Plan and Trust
Statements of Net Assets Available for Benefits

	December 31, 2014	2013
Assets		
Investments, at Fair Value:		
Mutual Funds	$47,671,440	$37,839,259
Common Stock	8,701,015	8,628,153
Total Investments	56,372,455	46,467,412
Receivables:		
Participant Contributions	22,068	246,722
Employer Contributions	12,139	133,323
Notes Receivable From Participants	2,367,526	1,720,009
Total Receivables	2,401,733	2,100,054
Net Assets Available for Benefits	$58,774,188	$48,567,466

See accompanying notes to the financial statements.

Aaron’s, Inc. Employees Retirement Plan and Trust
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31,	
	2014	2013
Additions:		
Investment Income:		
Net Appreciation in Fair Value of Mutual Funds	$351,757	$4,368,731
Net Appreciation in Fair Value of Common Stock	355,300	333,142
Interest and Dividends on Mutual Funds	2,291,689	1,799,656
Dividends on Common Stock	24,387	20,741
Total Investment Income	3,023,133	6,522,270
Interest Income on Notes Receivable from Participants	80,959	40,144
Contributions:		
Employer, Net of Forfeitures	4,046,055	3,243,609
Participants	7,261,201	5,731,218
Rollovers	1,233,208	987,812
Total Contributions	12,540,464	9,962,639
Total Additions	15,644,556	16,525,053
Deductions:		
Benefits Paid to Participants	5,424,215	4,140,807
Administrative Expenses	13,619	3,512
Total Deductions	5,437,834	4,144,319
Net Increase	10,206,722	12,380,734
Net Assets Available for Benefits:		
Beginning of Year	48,567,466	36,186,732
End of Year	$58,774,188	$48,567,466

See accompanying notes to the financial statements.

Aaron’s, Inc. Employees Retirement Plan and Trust
Notes to Financial Statements
December 31, 2014 and 2013

1. Description of the Plan

The following description of the Aaron’s, Inc. Employees Retirement Plan and Trust (the "Plan") is provided for general information purposes only. More complete information regarding the Plan may be found in the Plan document, which is available to all participants upon request.

General

The Plan is a defined contribution plan covering all employees of Aaron’s, Inc. (the "Company"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan is administered by the Employee Benefits Committee (the "Committee") appointed by the Board of Directors of the Company.

Contributions

Participation in the Plan is voluntary and participants may make before-tax, Roth and/or after-tax contributions up to 100% of their annual compensation, as defined in the Plan document, in the form of a salary deferral, pursuant to Section 401(k) of the Internal Revenue Code (the "Code"). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions, up to a maximum of $5,500 in 2014. The Company matches, after one year of service and 1,000 hours of service, 100% of the first 3% and 50% of the next 2% of the elective salary deferral of annual compensation that a participant contributes to the Plan.

Participant Accounts

Individual accounts are maintained for each participant. Participants direct their contributions into various investment options offered by the Plan and can change their options on a daily basis. The Company currently offers nineteen mutual funds and the Company’s common stock via the Aaron’s, Inc. Common Stock Fund, as investment options for participants. Each participant’s account is credited with the participant’s contribution, rollovers, the Company’s contribution and earnings on the investments in their accounts and charged with specific transaction fees. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Vesting

Participants are immediately vested in their contributions and earnings thereon. Effective January 1, 2013 the Plan was amended to allow for immediate vesting of the Company's matching contributions and earnings thereon made on or after January 1, 2013. Company matching contributions made prior to January 1, 2013 continue to vest at the prior vesting schedule rates of 20% after two years of service and 20% per year thereafter until the participant is fully vested.

Forfeitures

At the discretion of the Company, forfeitures may reduce the matching contribution required for the current Plan year or may be allocated to participants' accounts pro rata based on compensation. For the years ended December 31, 2014 and 2013, the Company elected to reduce its matching contribution by forfeitures of $28,664 and $93,172, respectively. Unallocated forfeiture account balances totaled $13,870 and $1,589 as of December 31, 2014 and 2013, respectively.

Notes Receivable from Participants

Participants may borrow from their vested balances in the Plan, subject to certain restrictions and limitations set forth in the Plan document and the Code. Loan terms can range from one to five years, or 15 years if used for the purchase of a residence. Maturities at December 31, 2014 ranged from one to five years. The loans are secured by the vested balance in the participant's account and bear interest at the Prime Rate plus 1%. The interest rate on outstanding loans for the years ended December 31, 2014 and 2013 was 4.25%. Principal and interest are paid ratably through weekly or semi-monthly payroll deductions.

Payment of Benefits

A participant's total account balance is payable either in a lump-sum distribution or by regular periodic installments upon his or her retirement, death, or disability. Upon termination of service, only the vested portion of the participant's account becomes payable. In the event of a participant's death or permanent and total disability, his or her interest in the Plan will become fully vested.

In-service withdrawals are available in certain limited circumstances, as defined by the Plan. Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the Plan. Hardship withdrawals are strictly regulated by the Internal Revenue Service (IRS) and all requirements must be met before requesting a hardship withdrawal.

Expenses

Certain expenses of maintaining the Plan are paid directly by the Company and are excluded from the financial statements. Fees related to the administration of notes receivable from participants and distributions are charged directly to the participant's account and are included in administrative expenses. Investment related expenses are included in the net appreciation in fair value of investments. Many of the investment funds provide for a revenue sharing arrangement with the Plan in which fund expenses are credited to the Plan to pay for certain administrative expenses, such as record keeping and investment advisory fees.

Company Stock Fund

The Plan invests in common stock of the Company through its Company Stock Fund. The Company Stock Fund may also hold cash or other short-term securities, although these are expected to be a small percentage of the fund. Dividends received by the Company Stock Fund are reinvested in Company common stock.

The Plan limits the amount a participant can invest in the Company Stock Fund to encourage diversification of participants' accounts. Each payroll period, a participant can direct up to a maximum of 25% of their contributions in the Company Stock Fund. No more than 25% of future contributions may be directed into the Company Stock Fund. In addition, a participant may not transfer amounts from other investment funds into the Company Stock Fund to the extent the transfer would result in more than 25% of the participant's total account balance being invested in the Company Stock Fund.

Each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the Company prior to the time that such rights may be exercised. The trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The trustee votes any unallocated shares in the same proportion as those shares that were allocated, unless the Committee directs the trustee otherwise. Participants also have the opportunity to direct the trustee whether they wish to participate in a tender or exchange offer.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination (or permanent discontinuance of contributions to the Plan), all amounts credited to the accounts of the participants will become 100% vested. The Plan's assets will be distributable to the participants in accordance with the respective values of their accounts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Valuation of Investments

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Refer to Note 4 for further discussion of fair value measurements.

Purchases and sales of common stock are recorded on a trade-date basis. Interest income is recorded as earned. Dividends on common stock are recorded on the ex-dividend date. Net appreciation includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance. Interest income on notes receivable from participants is recorded when it is received. No allowance for credit losses has been recorded as of December 31, 2014 and 2013. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

3. Investments

Investments that represent 5% or more of the value of the Plan's net assets are as follows:

	December 31, 2014	2013
Aaron's, Inc. Common Stock Fund	$8,701,015	$8,628,153
Wells Fargo Adv Prem Large Co Growth A	6,616,721	5,153,079
Goldman Sachs Mid Cap Value A	3,307,852	2,438,847
Goldman Sachs Growth Opportunities A	5,006,303	3,863,323
MFS Research International R3 Fund	3,122,574	2,665,522
SunTrust Bank FDIC Insured Account	5,049,090	5,118,560
J P Morgan Equity Income A [1]	6,864,209	—
Vanguard Small Cap Index Fund - Admiral [1]	5,457,801	—
Vanguard Target Retirement Income Inv [1]	5,629,307	—
RidgeWorth Large Cap Value Equity I [2]	—	6,193,471
RidgeWorth Small Cap Value Equity I [2]	—	5,061,410
T. Rowe Price Retirement Income Fund – R [2]	—	4,241,240

[1] Investment option added to the Plan during the year.

[2] Investment option removed from the Plan during the year.

4. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible to the reporting entity at the measurement date for identical assets and liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets and liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- observable inputs other than quoted prices that are used in the valuation of the asset or liability (e.g., interest rate and yield curve quotes at commonly quoted intervals)

•inputs that are derived principally from or corroborated by observable market data by correlation or other means
Level 3 – Unobservable inputs for the asset or liability (i.e., supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measure in its entirety.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets carried at fair value.

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Company Stock	$8,701,015	$—	$—	$8,701,015
Mutual Funds:				
U.S. Securities	41,442,146	—	—	41,442,146
International Securities	3,122,574	—	—	3,122,574
Bonds	3,106,720	—	—	3,106,720
Total Assets at Fair Value	$56,372,455	$—	$—	$56,372,455

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Company Stock	$8,628,153	$—	$—	$8,628,153
Mutual Funds:				
U.S. Securities	32,752,619	—	—	32,752,619
International Securities	2,665,522	—	—	2,665,522
Bonds	2,421,118	—	—	2,421,118
Total Assets at Fair Value	$46,467,412	$—	$—	$46,467,412

5. Income Tax Status

The Plan has received a determination letter from the IRS dated September 28, 2011, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Subsequent to the determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan, as amended, is qualified and the related trust is tax-exempt.

U.S. generally accepted accounting principles require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2011.

6. Transactions With Parties-in-Interest

The Plan's investments in RidgeWorth Small Cap Value Equity I, RidgeWorth Large Cap Value Equity I and SunTrust Bank FDIC Insured Account, as well as the notes receivable from participants, are managed by SunTrust Bank. SunTrust Bank is the Plan's Trustee and, therefore, these transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

The Plan held 284,625 and 293,474 shares of Company common stock valued at $8,701,015 and $8,628,153 at December 31, 2014 and 2013, respectively. The Plan received $24,387 and $20,741 in common stock dividends from the Company in 2014 and 2013, respectively. These transactions also qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

7. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

8. Subsequent Event

Effective January 1, 2015, the Plan was amended to (1) change the definition of permanent and total disability; (2) add a statute of limitations and a forum selection provision relating to civil actions for benefits under the Plan; and (3) limit elective deferrals and non-tax-deductible voluntary contributions to 75% of annual compensation. These amendments will have no effect on the Plan's net assets.

Aaron’s, Inc. Employees Retirement Plan and Trust
EIN #58-0687630 Plan #001
Schedule H, Line 4a - Schedule of Delinquent Participant Contributions
For the Year Ended December 31, 2014

Participant Contributions Transferred Late to Plan	Total that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: þ	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$16.10		$16.10		

12

Aaron’s, Inc. Employees Retirement Plan and Trust
Schedule H, Line 4i – Schedule of Assets
(Held at End of Year)
EIN #58-0687630 Plan #001
December 31, 2014

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment	(e) Current Value
*	Aaron’s, Inc. Common Stock Fund	Common Stock	$8,701,015
*	SunTrust Bank FDIC Insured Account	Mutual Fund	5,049,090
	BlackRock Inflation Protection Bond A	Mutual Fund	659,742
	Wells Fargo Adv Prem Large Co Growth A	Mutual Fund	6,616,721
	Goldman Sachs Growth Opportunities A	Mutual Fund	5,006,303
	Goldman Sachs Mid Cap Value A	Mutual Fund	3,307,852
	MFS Research International R3 Fund	Mutual Fund	3,122,574
	MFS Massachusetts Investors Tr R3	Mutual Fund	1,296,648
	J P Morgan Equity Income A	Mutual Fund	6,864,209
	Federated Total Return Bond Svc	Mutual Fund	2,446,980
	Vanguard Total Bond Market Index Admiral	Mutual Fund	62,014
	Vanguard 500 Index Fund - Admiral	Mutual Fund	942,693
	Vanguard Target Retirement 2050 Inv	Mutual Fund	72,552
	Vanguard Target Retirement 2040 Inv	Mutual Fund	67,806
	Vanguard Mid Cap Index Adm	Mutual Fund	526,134
	Vanguard Small Cap Index Fund - Admiral	Mutual Fund	5,457,801
	Vanguard Target Retirement 2030 Inv	Mutual Fund	476,728
	Vanguard Target Retirement Income Inv	Mutual Fund	5,629,307
	Vanguard Target Retirement 2020 Inv	Mutual Fund	48,770
	Vanguard Target Retirement 2015 Inv	Mutual Fund	3,646
*	Participant loans	Interest rates were 4.25%	2,367,526
			$58,726,111

*Party-in-Interest

Note: Cost information has not been included in column (d) because all investments are participant directed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Aaron’s, Inc. Employees Retirement Plan and Trust

Date: June 26, 2015

/s/ James L. Cates

Name: James L. Cates
Title: Chairman
Employee Benefits Committee

EXHIBIT INDEX