

Voya Financial, Inc.
Form 10-K
February 25, 2016

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

FORM 10-K
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2015

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _ to _

Commission File Number: _001-35897_____

Voya Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization) 52-1222820
(IRS Employer Identification No.)

230 Park Avenue
New York, New York 10169
(Address of principal executive offices) (Zip Code)
(212) 309-8200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name on each exchange on which registered
Common Stock, \$.01 Par Value New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
x Yes o No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
o Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes x
No o

Indicate by check mark whether the registrant (1) has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

Edgar Filing: Voya Financial, Inc. - Form 10-K

to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2015, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$10.5 billion.

As of February 11, 2016, there were 208,276,367 shares of the registrant's common stock outstanding.

Documents incorporated by reference: Portions of Voya Financial, Inc.'s Proxy Statement for its 2016 Annual Meeting of Shareholders are incorporated by reference in the Annual Report on Form 10-K in response to Part III, Items 10, 11, 12, 13 and 14.

Edgar Filing: Voya Financial, Inc. - Form 10-K

Voya Financial, Inc.
 Form 10-K for the period ended December 31, 2015
 Table of Contents

ITEM NUMBER		PAGE
	PART I.	
Item 1.	<u>Business</u>	<u>5</u>
Item 1A.	<u>Risk Factors</u>	<u>48</u>
Item 1B.	<u>Unresolved Staff Comments</u>	<u>80</u>
Item 2.	<u>Properties</u>	<u>80</u>
Item 3.	<u>Legal Proceedings</u>	<u>80</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>80</u>
	PART II.	
Item 5.	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>81</u>
Item 6.	<u>Selected Financial Data</u>	<u>83</u>
Item 7.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>87</u>
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>184</u>
Item 8.	<u>Financial Statements and Supplementary Data</u>	<u>198</u>
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>367</u>
Item 9A.	<u>Controls and Procedures</u>	<u>367</u>
Item 9B.	<u>Other Information</u>	<u>369</u>
	PART III.	
Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	<u>369</u>
Item 11.	<u>Executive Compensation</u>	<u>369</u>
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>369</u>
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>370</u>
Item 14.	<u>Principal Accounting Fees and Services</u>	<u>370</u>

PART IV.

Item 15.	<u>Exhibits, Financial Statement Schedules</u>	<u>370</u>
	<u>Exhibit Index</u>	<u>371</u>
	<u>Signatures</u>	<u>378</u>

Table of Contents

For the purposes of the discussion in this Annual Report on Form 10-K, the term Voya Financial, Inc. refers to Voya Financial, Inc. and the terms "Company," "we," "our," and "us" refer to Voya Financial, Inc. and its subsidiaries.

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business," contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. Actual results, performance or events may differ materially from those projected in any forward-looking statement due to, among other things, (i) general economic conditions, particularly economic conditions in our core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels, (v) persistency and lapse levels, (vi) interest rates, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, (x) changes in the policies of governments and/or regulatory authorities and (xi) other factors described in the section "Item 1A. Risk Factors." The risks included here are not exhaustive. Current reports on Form 8-K and other documents filed with the Securities and Exchange Commission ("SEC") include additional factors that could affect our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

MARKET DATA

In this Annual Report on Form 10-K, we present certain market and industry data and statistics. This information is based on third-party sources which we believe to be reliable. Market ranking information is generally based on industry surveys and therefore the reported rankings reflect the rankings only of those companies who voluntarily participate in these surveys. Accordingly, our market ranking among all competitors may be lower than the market ranking set forth in such surveys. In some cases, we have supplemented these third-party survey rankings with our own information, such as where we believe we know the market ranking of particular companies who do not participate in the surveys.

In this Annual Report on Form 10-K, the term "customers" refers to retirement plan sponsors, retirement plan participants, institutional investment clients, retail investors, corporations or professional groups offering employee benefits solutions, insurance policyholders, annuity contract holders, individuals with contractual relationships with financial advisors and holders of Individual Retirement Accounts ("IRAs") or other individual retirement, investment or insurance products sold by us.

Market data sources used with respect to our various segments include:

Retirement. Our Retirement segment sources our market segment leadership positions within the retirement industry from market surveys conducted by LIMRA, an insurance and financial services industry organization, and industry-recognized publications such as Pensions & Investments, PlanSponsor Magazine and InvestmentNews.com. Retirement tracks market segment leadership positions by assets under management ("AUM") or assets under administration ("AUA"), number of defined contribution plans, number of defined contribution plan participant accounts, sales (takeover assets and contributions), and the number of producing broker-dealer representatives.

Annuities. Our Annuities segment sources our market segment leadership positions within the annuities industry primarily from LIMRA market surveys. Annuities tracks market segment leadership positions by assets under

management.

Investment Management. Our Investment Management segment sources our market segment leadership positions within the investment management industry from Morningstar fund data and industry-recognized publications such as Pension & Investments. Investment Management tracks market segment leadership positions by AUM; and by benchmark or peer median metrics, which, as presented, measure each investment product based on (i) rank above the median of its peer category within Morningstar (mutual funds) or eVestment (institutional composites) for unconstrained and fully-active investment products; or (ii) outperformance against its benchmark index for "index like", rules based, risk-constrained, or client-specific investment products.

Individual Life. Our Individual Life segment sources our market segment leadership positions within the individual life insurance industry primarily from LIMRA market surveys. Individual Life tracks market segment leadership positions by premiums sold.

Employee Benefits. Our Employee Benefits segment sources our market segment leadership positions within the employee benefits industry from LIMRA market surveys and MyHealthguide newsletter rankings. Stop loss market rankings are derived from MyHealthguide, which does not include most managed healthcare providers in their market positions survey. The MyHealthguide survey is a recurring publication that compiles a ranking of medical stop loss providers and their most recently sourced annual premium data. Employee Benefits tracks market segment leadership positions by new premiums and in-force premiums.

PART I

Item 1. Business

For the purposes of this discussion, the term Voya Financial, Inc. refers to Voya Financial, Inc. and the terms "Company," "we," "our," and "us" refer to Voya Financial, Inc. and its subsidiaries.

We are a premier retirement, investment and insurance company serving the financial needs of approximately 13 million individual and institutional customers in the United States as of December 31, 2015. Our vision is to be America's Retirement Company™. Our approximately 7,000 employees (as of December 31, 2015) are focused on executing our mission to make a secure financial future possible—one person, one family and one institution at a time. Through our retirement, investment management and insurance businesses, we help our customers save, grow, protect and enjoy their wealth to and through retirement. We offer our products and services through a broad group of financial intermediaries, independent producers, affiliated advisors and dedicated sales specialists throughout the United States.

Our extensive scale and breadth of product offerings are designed to help Americans achieve their retirement savings, investment income and protection goals. Our strategy is centered on preparing customers for "Retirement Readiness"—being emotionally and economically secure and ready for their retirement. We believe that the rapid aging of the U.S. population, weakening of traditional social safety nets, shifting of responsibility for retirement planning from institutions to individuals and growth in total retirement account assets will drive significant demand for our products and services going forward. We believe that we are well positioned to deliver on this Retirement Readiness need.

We believe that we help our customers achieve three essential financial goals, as they plan for, invest for and protect their retirement years.

Plan. Our products enable our customers to save for retirement by establishing investment accounts through their employers or individually.

Invest. We provide advisory programs, individual retirement accounts ("IRAs"), fixed annuities, brokerage accounts, mutual funds and accumulation insurance products to help our customers achieve their financial objectives. Our income products such as target date funds, guaranteed income funds, fixed annuities, IRAs, mutual funds and accumulation insurance products enable our customers to meet income needs through retirement and achieve wealth transfer objectives.

Protect. Our specialized retirement and insurance products, such as universal life ("UL"), indexed universal life ("IUL"), variable life, term life and stable value products, allow our customers to protect against unforeseen life events and mitigate market risk.

We tailor our products to meet the unique needs of our individual and institutional customers. Our individual businesses are primarily focused on the middle and mass affluent markets; however we serve customers across the full income spectrum, especially in our Institutional Retirement Plans business, Retail and Alternative Fund businesses, and Employee Benefits segment. Similarly, our institutional businesses serve a broad range of customers, with customized offerings to the small-mid, large and mega market segments across all industries.

We operate our principal businesses through two business lines: Retirement and Investment Solutions; and Insurance Solutions. We refer to these business lines as our "ongoing business". In addition, we also have Closed Blocks and Corporate reporting segments. Closed Blocks consists of two segments which we have placed in run-off—Closed Block

Variable Annuity ("CBVA") and Closed Block Other. Our Corporate segment includes our corporate activities and corporate-level assets and financial obligations.

Edgar Filing: Voya Financial, Inc. - Form 10-K

The following table presents a summary of our key individual and institutional markets, how we define those markets, and the key products sold in such markets.

Retail Wealth Management

Market	Household Income Range	Investable Asset Range	Typical Customer Products
Mass Market	\$50,000-\$100,000	<\$100,000	Term Life Insurance Mutual Funds IRAs Annuities
Middle Market & Mass Affluent	\$100,000-\$250,000	\$100,000-\$2,000,000	Term Life Insurance Universal Life Insurance Mutual Funds IRAs Financial Advisory Annuities
Affluent & Wealth Management Market	\$250,000-\$500,000	>\$2,000,000	Term Life Insurance Universal Life Insurance Mutual Funds Separately Managed Accounts Alternative Funds IRAs Financial Advisory Annuities

Institutional Markets

Market	Employee Size	Asset Range	Typical Customer Products
Small-Mid	26-3,000	\$0-\$150 million	Full Service Retirement Plans Retirement Recordkeeping Employee Benefits Investment Management Stable Value / Pension Risk Transfer
Large	3,000-5,000	\$150 million-\$1 billion	Full Service Retirement Plans Retirement Recordkeeping Employee Benefits Investment Management Stable Value / Pension Risk Transfer
Mega	>5,000	>\$1 billion	Full Service Retirement Plans Retirement Recordkeeping Employee Benefits Investment Management Stable Value

Retirement and Investment Solutions. Our Retirement and Investment Solutions business comprises three reporting segments: Retirement, Annuities and Investment Management. Our Retirement and Annuities segments provide an extensive product range addressing both the accumulation and income distribution needs of customers, through a broad distribution footprint of over 2,100 affiliated representatives and thousands of non-affiliated brokers and agents as well as third-party administrators ("TPAs") and banks as of December 31, 2015, and our Investment Management segment is a prominent full-service asset manager that delivers client-oriented investment solutions and advisory services, serving both individual and institutional customers.

Retirement is a leading provider of retirement services and products in the United States, offering tax-deferred, employer-sponsored retirement savings plans and administrative services to approximately 47,000 plan sponsors covering approximately 4.5 million plan participant accounts in corporate, education, healthcare, other non-profit and government entities as of December 31, 2015. Stable Value and pension risk transfer solutions are also offered to institutional plan sponsors where we may or may not be providing defined contribution plans. Retirement also provides IRAs and other retail financial products as well as comprehensive financial planning and advisory services to individual customers. We serve a broad spectrum of employers ranging from small companies to the very largest corporations and government entities. Retirement had \$291.8 billion of AUM and AUA as of December 31, 2015, of which \$96.7 billion was full service business, \$191.8 billion was recordkeeping, stable value and pension risk transfer business and \$3.3 billion was Retail Wealth Management business.

- Annuities provides fixed and indexed annuities, tax-qualified mutual fund custodial and other investment-only products and payout annuities for pre-retirement wealth accumulation and post-retirement income management sold through multiple channels, and had \$27.0 billion of AUM as of December 31, 2015.

Investment Management. We are a prominent full-service asset manager with approximately \$200.7 billion of AUM and \$48.8 billion of AUA as of December 31, 2015, delivering client-oriented investment solutions and advisory services. We serve both individual and institutional customers, offering them domestic and international fixed income, equity, multi-asset and alternative investment products and solutions across a range of geographies, investment styles and capitalization spectrums.

As of December 31, 2015, we managed \$122.5 billion in our commercial business (comprising \$77.7 billion for third-party institutions and individual investors, and \$44.8 billion in separate account assets for our Retirement and Investment Solutions, Insurance Solutions and Closed Block businesses) and \$78.2 billion in general account assets for Voya Financial.

As of December 31, 2015, 89.0%, 93.0%, and 71.0% of fixed income assets, 61.0%, 73.0%, and 63.0% of equity assets, and 95%, 95% and 42% of Multi-Asset Strategies and Solutions ("MASS") assets outperformed benchmark or peer median returns on a 3-year, 5-year, and 10-year basis, respectively. Our retail mutual fund portfolio assets totaled \$24.9 billion as of December 31, 2015.

Insurance Solutions. We are a top-tier provider of life insurance in the United States, providing universal, variable and term life insurance products. Based on the LIMRA survey as of September 30, 2015, for premiums sold, our universal and term life products ranked seventeenth and twenty-fourth, respectively. The rankings reflect our recent focus on selling more capital efficient products, such as IUL. We are also a top ten ranked provider of stop-loss coverage in the United States as reported by MyHealthguide in January 2016 and provide stop-loss, group life and voluntary employee-paid and disability products to large businesses covering 5.4 million individuals. Our Insurance Solutions business comprises two reporting segments: Individual Life and Employee Benefits.

Individual Life provides wealth protection and transfer opportunities through universal, variable and term products, distributed primarily through a network of independent general agents and managing directors ("Aligned

Distributors") to meet the needs of a broad range of customers from the middle-market through affluent market segments. As of December 31, 2015, the Individual Life distribution model is supported by approximately 100 Aligned Distributors with access to over 55,000 producers who are committed to promoting Voya products.

Employee Benefits provides stop loss, group life, voluntary employee-paid and disability products to mid-sized and large businesses. As of December 31, 2015, the Company has 60 employee benefits sales representatives, across 19 sales offices, with average industry experience of 18 years. For the year ended December 31, 2015, approximately two-thirds of Employee Benefits sales were attributable to stop loss products while the remaining one-third was primarily related to life and voluntary products.

Closed Blocks. We have separated our CBVA and Closed Block Other segments from our other operations, as part of a strategic decision to run-off, divest, or cease actively writing certain lines of business. Accordingly, these segments have been classified as closed blocks and are managed separately from our ongoing business.

CBVA. In 2009, we decided to stop actively writing new retail variable annuity products with substantial guarantee features (the last policies were issued in early 2010) and placed this portfolio in run-off. Subsequently, we refined our hedge program to seek to dynamically protect regulatory and rating agency capital of the variable annuities block for adverse equity market movements. In addition, since 2010, we have increased statutory reserves considerably, added significant interest rate risk protection and have more closely aligned our policyholder behavior assumptions with experience. Our focus in managing our CBVA segment is on protecting regulatory and rating agency capital from market movements via hedging and judiciously looking for opportunities to accelerate the run-off of the block, where possible. We believe that our hedge program, combined with an estimated \$5.7 billion of assets available to support the guarantees in the variable annuity block (including assets which back our statutory reserves of \$5.1 billion as of December 31, 2015) provide adequate resources to fund a wide range of, but not all, possible market scenarios as well as a margin for adverse policyholder behavior. For additional information, see "Part I. Item 1A. Risk Factors—Risks Related to our CBVA Segment."

Closed Block Other. In 2009, we also placed guaranteed investment contracts ("GICs") and funding agreements that were issued, with the proceeds invested to earn a spread, in run-off. As of December 31, 2015, remaining assets in the GICs and funding agreements portfolio had an amortized cost of \$1.2 billion, down from a peak of \$14.3 billion in 2008. Also included in the Closed Block Other segment is residual activity on other closed or divested businesses including our group reinsurance and individual reinsurance businesses.

As of December 31, 2015, we had \$452.4 billion in total AUM and AUA and total shareholders' equity, excluding accumulated other comprehensive income/loss ("AOCI") and noncontrolling interests, of \$12.0 billion. In the year ended December 31, 2015, we generated \$584.5 million of Income (loss) before income taxes, \$408.3 million of Net income (loss) available to Voya Financial, Inc.'s common shareholders and \$977.5 million of Operating earnings before income taxes. Operating earnings before income taxes is a non-GAAP financial measure. For a reconciliation of Operating earnings before income taxes to Income (loss) before income taxes, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations— Company Consolidated."

ORGANIZATIONAL HISTORY AND STRUCTURE

Our History

Prior to our initial public offering in May 2013, we were a wholly owned subsidiary of ING Groep N.V. ("ING Group"), a global financial institution based in the Netherlands.

Through ING Group, we entered the United States life insurance market in 1975 through the acquisition of Wisconsin National Life Insurance Company, followed in 1976 with ING Group's acquisition of Midwestern United Life Insurance Company and Security Life of Denver Insurance Company in 1977. ING Group significantly expanded its presence in the United States in the late 1990s and 2000s with the acquisitions of Equitable Life Insurance Company of Iowa (1997), Furman Selz, an investment advisory company (1997), ReliaStar Life Insurance Company (including Pilgrim Capital Corporation) (2000), Aetna Life Insurance and Annuity Company (including Aeltus Investment Management) (2000) and CitiStreet (2008). As of March 2015, ING Group has completely divested its ownership of Voya Financial, Inc. common stock, although it continues to hold warrants to acquire a certain number of our shares.

For additional information on the separation from ING Group, see the "Business, Basis of Presentation and Significant Accounting Policies" section in Part II, Item 7. of this Annual Report on Form 10-K .

Our Organizational Structure

We are a holding company incorporated in Delaware in April 1999. We operate our businesses through a number of direct and indirect subsidiaries. The following organizational chart presents the ownership and jurisdiction of incorporation of our principal subsidiaries:

The chart above presents:

•Voya Financial, Inc.

•Our principal intermediate holding company, Voya Holdings, which is the direct parent of a number of our insurance and non-insurance operating entities.

•Our principal operating entities that are the primary sources of cash distributions to Voya Financial, Inc. Specifically, these entities are our principal insurance operating companies (VRIAC, VIAC, SLD and RLI) and Voya Investment Management LLC, the holding company for entities that operate our Investment Management business.

•SLDI, our Arizona captive.

OUR BUSINESSES

Retirement and Investment Solutions

Our Retirement and Investment Solutions business provides its products and services through three reporting segments: Retirement, Annuities and Investment Management.

Retirement

Our Retirement segment is focused on meeting the needs of individuals in preparing for and sustaining a secure retirement through employer-sponsored plans and services, as well as through individual account rollover plans and comprehensive financial product offerings and planning and advisory services. We are well positioned in the marketplace, with our industry-leading Institutional Retirement Plans business and our Retail Wealth Management business having a combined \$291.8 billion of AUM and AUA as of December 31, 2015, of which \$61.9 billion were in proprietary assets.

Our Institutional Retirement Plans business offers tax-deferred employer-sponsored retirement savings plan and administrative services to corporations of all sizes, public and private school systems, higher education institutions, state and local governments, hospitals and healthcare facilities and not-for-profit organizations. We also offer stable value products and pension risk transfer

solutions to institutional plan sponsors where we may or may not be providing defined contribution products and services. This broad-based institutional business crosses many sectors of the economy, which provides diversification that helps insulate us from downturns in particular industries. In the defined contribution market, we provide services to approximately 47,000 plan sponsors covering approximately 4.5 million plan participant accounts as of December 31, 2015.

Our Retail Wealth Management business, which focuses on the rapidly expanding retiree market as well as on pre-retirees and our defined contribution plan participants, offers retail financial products and comprehensive advice services to help individuals manage their retirement savings and income needs. While AUM and AUA for our Retail Wealth Management business were only a small portion of our overall AUM and AUA, amounting to \$3.3 billion as of December 31, 2015, it is a key area of future growth for our Retirement segment.

Our Retirement segment earns revenue principally from asset and participant-based advisory and recordkeeping fees. Retirement generated operating earnings before income taxes of \$470.6 million for the year ended December 31, 2015. Our Investment Management segment also earns arm's-length market-based fees from the management of the general account and mutual fund assets supporting Institutional Retirement Plans and Retail Wealth Management rollover products. Distribution of Investment Management products and services using the Retirement segment continues to present a growth opportunity for our Retirement and Investment Management segments that we are actively pursuing.

We will continue to focus on growing our retirement platform by driving increases in our Institutional Retirement Plans business through focused sales and retention efforts, and by further developing our Retail Wealth Management business with a particular focus on expanding relationships with our Institutional Retirement Plan participants. We will also continue to place a strong emphasis on capital and cost management while also growing our distribution platform and achieving a diversified retirement product mix.

An important element of our Retirement strategy is to leverage the extensive customer base to which we have access through our Institutional Retirement Plans business in order to grow our Retail Wealth Management and Investment Management businesses. We are therefore focused on building long-term relationships with our plan participants, especially when initiated through service touch points such as plan enrollments and rollovers, which will go beyond such participant's participation in our Institutional Retirement Plans and enable us to offer such participant's individual retirement and investment management solutions both during and after the term of their plan participation.

Institutional Retirement Plans

Products and Services

We are one of only a few providers that offer tax-deferred institutional retirement savings plans (utilizing U.S. tax-advantaged savings vehicles for tax-advantaged retirement savings), services and support to the full spectrum of businesses, ranging from small to mega-sized plans and across all markets. These plans may either be offered as full service or recordkeeping only service products. We also offer stable value investment options and pension risk transfer solutions to institutional clients.

Full-service retirement products provide recordkeeping and plan administration services, tailored award-winning participant communications and education programs, innovative myOrangeMoney™ digital capabilities for sponsors and plan participants (plus mobile capabilities for participants), trustee services and institutional and retail investments. These include a wide variety of investment and administrative products for defined contribution plans for tax-advantaged retirement savings, as well as nonqualified executive benefit plans and employer stock option plans. Plan sponsors may select from a variety of investment structures and products, such as general account, separate account, mutual funds, stable value or collective investment trusts and a variety of underlying asset types (including

their own employer stock) to best meet the needs of their employees. A broad selection of funds is available for our products in all asset categories from over 100 fund companies, including the Voya family of mutual funds managed by our Investment Management segment. Our full-service retirement plan offerings are also supported by financial planning and investment advisory services offered through our Retail Wealth Management business or through third parties (e.g., Morningstar) to help prepare individuals for retirement through customer-focused personalized and objective investment advice.

Recordkeeping only service products provide administration support for plan sponsors seeking integrated recordkeeping services for defined contribution, defined benefit and non-qualified plans. Our plan sponsor base spans the entire range of corporate plan sponsors as well as state and local governments. Our recordkeeping retirement plan offerings are also supported by award-winning participant communications and education programs, innovative myOrangeMoney™ digital capabilities for sponsors and plan participants (plus mobile capabilities for participants), as well as investment advisory services offered through our Retail Wealth Management business.

Stable value investment options are offered with a particular focus on cross-selling products utilizing proprietary investment management to our largest institutional recordkeeping plans. Our product offering includes both separate account GICs and synthetic GICs managed by either proprietary or outside investment managers.

Pension risk transfer solutions are offered to institutional plan sponsors looking to transfer their defined benefit plan obligations to us. We first entered this market in 2014, and we believe it offers a growth opportunity that is aligned with our expertise in servicing institutional group annuity plans and individual plan participants.

The following chart presents our Institutional Retirement Plans product/service models and corresponding AUM and AUA, key markets in which we compete, primary defined contribution plan Internal Revenue Code sections and core products offered for each market segment.

Product/Service Model	AUM/AUA (as of December 31, 2015)	Key Market Segments/Product Lines	Primary Internal Revenue Code section	Core Products*
Full Service Plans	\$96.7 billion	Small-Mid Corporate	401(k)	Voya MAP Select, Voya Framework(k)
		K-12 Education	403(b)	Voya Custom Choice II
		Higher Education	403(b)	Voya Retirement Choice II, Voya Retirement Plus II
		Healthcare & Other Non-Profits	403(b)	Voya Retirement Choice II, Voya Retirement Plus II
		Government (local and state)	457	RetireFlex-SA, RetireFlex-MF, Voya Health Reserve Account
Recordkeeping, Stable Value and Pension Risk Transfer Business	\$191.8 billion	Small-Mid Corporate	401(k)	**
		Large-Mega Corporate	401(k)	**
		Government (local and state)	457	**
		Stable Value (Sold across all market segments with a strong focus on Large Corporate)	401(k) 403(b) 457(b)	Separate Account and Synthetic GICs
		Pension Risk Transfer	401(a)	Group Annuities

* Core products actively being sold today.

** Offerings include administration services and investment options such as mutual funds, commingled trusts and separate accounts.

For plans in the full service corporate markets segment, our core products are:

Voya MAP Select, a group funding agreement/group annuity contract offered to fund qualified retirement plans. The product contains over 200 funds from well-known fund families (larger plans are offered the ability to offer most funds whose trades are cleared through the National Securities Clearing Corporation) as well as our general account and various stable value options.

•

Voya Framework(k), a mutual fund program offered to fund qualified retirement plans. The product contains over 300 funds from well-known fund families (larger plans are offered the ability to offer most funds whose trades are cleared through the National Securities Clearing Corporation) as well as our general account and various stable value options.

For plans in the full service tax-exempt markets, we offer a variety of customized products, including the following:

Voya Retirement Choice II and RetireFlex-MF, retail mutual fund products which provide flexible funding vehicles and are designed to provide a diversified menu of mutual funds in addition to a guaranteed option (available through a group fixed annuity contract or stable value product).

Voya Retirement Plus II and Voya Custom Choice II, registered group annuity products featuring variable investment options held in a variable annuity separate account and a fixed investment option held in the general account.

RetireFlex-SA, an unregistered group annuity product which features variable investment options held in a variable annuity separate account and a guaranteed option (available through a group fixed annuity contract or stable value product).

Markets and Distribution

Our Institutional Retirement Plans business can be categorized into two primary markets: Corporate and Tax Exempt. A brief description of each, including sub segments and strengths are as follows:

Corporate Markets:

Small-Mid Corporate Market. In this growth market we offer full service solutions to defined contribution plans of small-mid-sized corporations (i.e., typically less than 3,000 employees). Our comprehensive product offering (including flexible investment choices), highly competitive fiduciary solutions, dedicated and proactive service teams and product and service innovations leveraged from our expertise in the Large Corporate market make us one of a small group of providers who can service small-mid corporate plans as they continue to grow. Furthermore, we offer a unique enrollment experience through our myOrangeMoney™ digital capabilities, plus a broad suite of financial planning, guidance and advisors products, tools and services to help plan participants better prepare for retirement.

Large Corporate Market. In this market we offer recordkeeping services to defined contribution plans of large to mega-sized corporations. Our solutions and capabilities support the most complex retirement plans with a special focus on client relationship management and participant retirement readiness support through a broad suite of financial planning, guidance and advisory products, tools and services. We are dedicated to providing engaging education, innovative technology-based tools and award winning print materials to help plan participants achieve a secure and dignified retirement.

Tax Exempt Markets:

Education Market. We offer comprehensive full service offerings to both public and private K-12 educational entities as well as public and private higher education institutions, which we believe are attractive growth segments. In the United States, we rank third in the K-12 education market and fourth in higher education by assets as of September 30, 2015. Our innovative solutions to reduce administrative burden, deep technical and regulatory expertise, strong on-site service teams, and broad suite of retirement readiness products, tools and services for participants, continue to support our position as one of the top providers in this market.

Healthcare Market. In this market we service hospitals and healthcare organizations by offering full service solutions for a variety of plan types. Like the education market, we have solutions to reduce administrative burdens, deep technical and fiduciary expertise and on-site service teams to assist healthcare plan sponsors. Additionally, we provide customized communications, education and enrollment support plus a broad suite of retirement readiness products, tools and services in order to better prepare plan participants for retirement.

Government Market. We provide both full service and recordkeeping only offerings to small and large governmental entities (e.g., state and local government) with a client base that spans all 50 states. For large governmental sponsors, we offer recordkeeping services that meet even the most complex needs of each client, plus offer extensive participant communication and retirement education support, including a broad suite of retirement readiness products, tools and services. We also offer a broad range of proprietary, non-proprietary and stable value investments. Our flexibility and expertise help make us the fourth ranked provider in this market in the United States based on AUM and AUA as of September 30, 2015.

Products for Institutional Retirement Plans are distributed nationally through multiple unaffiliated channels or via affiliated distribution including direct sales teams. We offer localized support to these groups and their clients during and after the sales

process, a broad selection of investment options and flexibility of choice and top-tier fiduciary solutions to help their clients meet or exceed plan guidelines and responsibilities.

Unaffiliated Distribution:

Independent Representatives. As of December 31, 2015, we work with more than 6,000 sales agents who primarily sell fixed annuity products from multiple vendors in the education market. Activities by these representatives are centered on increasing participant enrollments and deferral amounts in our existing plans.

Independent Producers. Over 12,000 wirehouse and independent producers (as of December 31, 2015) are the primary distributors of our small-mid corporate market products, but they also distribute products to the education, healthcare and government markets. These producers typically present their clients (i.e., employers seeking a defined contribution plan for their employees) with plan options from multiple vendors for comparison and may also help with employee enrollment and education.

TPAs. As of December 31, 2015, we have long-standing relationships with approximately 1,600 TPAs who are selling and/or service partners for our small-mid corporate markets business, working with a variety of vendors. While TPAs typically focus on providing plan services only (such as administration and compliance testing), some also initiate and complete the sales process. TPAs also play a vital role as the connecting point between our wholesale team and unaffiliated producers who seek references for determining which providers they should recommend to their clients.

Affiliated Distribution:

Affiliated Representatives. Voya Financial Advisors, our retail broker-dealer, is one of the top twelve broker-dealers in the United States as determined by total number of licensed and producing representatives. As of December 31, 2015, we had over 2,100 affiliated representatives. These representatives support sales of products for the Retirement segment as well as other segments, with a subset that are primarily focused on driving sales in education, healthcare and government market plans (full service) through increasing enrollments for existing plans, educating existing participants and selling new plans.

Direct Sold by Field Force. While we typically rely on third-party distribution partners for the majority of sales for our Institutional Retirement Plans business, certain members of our wholesale team also interact directly with plan sponsors primarily in the education, healthcare and government markets. Typically, this direct interaction is with a consultant hired by the plan sponsor. In order to present our offerings to these large plan clients, we work with numerous consultants at approximately 60 different consulting firms focused on these markets.

Direct Sold by Dedicated Voya Sales Teams. We have sales teams that work directly with large plan corporate market, stable value and pension risk transfer clients. The stable value investment only business can occur in either our recordkeeping only plans or within other vendors' plans. Pension risk transfer solutions may be sold to our existing clients or to new clients that need a solution for de-risking their defined benefit plan. For large corporate plans, stable value products and pension risk transfer solutions, the majority of our direct interaction occurs with approximately 20 different consulting firms focused on these offerings for their clients.

Competition

Our Institutional Retirement Plans business competes with other large, well-established insurance companies, asset managers, record keepers and diversified financial institutions. Competition varies in all market segments as very few institutions are able to compete across all markets as we do. The following chart presents a summary of the current competitive landscape in the markets where we offer our Institutional Retirement Plans, stable value and pension risk transfer products:

Market/Product Segment	Competitive Landscape	Select Competitors
Small-Mid Corporate	Primary competitors are mutual fund companies plus insurance-based providers with third-party administration relationships	Empower Fidelity
K-12 Education	Competitors are primarily insurance-based providers that focus on school districts across the nation	AXA VALIC
Higher Education	Competitors are 403(b) plan providers, asset managers and some insurance-based providers	TIAA-CREF Fidelity
Healthcare & Other Non-Profits	Competition varies across 403(b) plan providers, asset managers and some insurance-based providers	TIAA-CREF Fidelity
Government	Compete primarily with insurance-based providers but also asset managers and 457 providers	Empower ICMA
Recordkeeping	Primarily bid against asset managers and business consulting services firms, but also compete with some payroll firms and insurance-based providers	Fidelity AON Hewitt
Stable Value	Primarily compete with select insurance companies who are also dedicated to the Stable value market, but also with certain banking institutions	Prudential MetLife
Pension Risk Transfer	Primarily compete with insurance companies	Principal Financial MetLife

Our full-service Institutional Retirement Plans business competes primarily based on pricing, the breadth of our service and investment offerings, technical/regulatory expertise, industry experience, local enrollment and financial planning support, investment performance and our ability to offer industry tailored product features to meet the retirement income needs of our clients. Additionally, Voya's myOrangeMoney™ digital and mobile capabilities provide competitive advantage in the market. Regarding the large plan recordkeeping only business, we have seen consolidation among industry providers in recent years seeking to increase scale, improve cost efficiencies and enter new market segments. As a result, we emphasize our strong sponsor relationships, flexible value-added services, and technical and regulatory expertise as our competitive strengths. Additionally, we compete across all institutional markets with our broad suite of retirement readiness products, tools and services that help employers support the retirement preparedness needs of their employees. Finally, we have seen new insurance company competitors enter the stable value space because demand from participant and plan sponsors remains strong for these products. The pension risk transfer business has also seen a few new competitors enter the market to provide defined benefit de-risking solutions for institutional clients. Our long standing experience in the retirement market underscored by

strong stable value expertise allows us to effectively compete against existing and new providers.

Defined Benefit Recordkeeping Business Transition. In 2014, after reviewing our goals for our Retirement segment and considering the trends we see in the employee retirement benefit market, the Company made a strategic decision to transition, in an orderly fashion, out of the market for defined benefit plan administration recordkeeping services. As a result, we are gradually exiting our existing contracts that support defined benefit plan administration recordkeeping. We expect this transition to be completed by the end of 2016 and do not expect this transition to have a material impact on our future results.

Underwriting and Pricing

We price our institutional and individual retirement products based on long-term assumptions that include investment returns, mortality, persistency and operating costs. We establish target returns for each product based upon these factors and the expected amount of regulatory and rating agency capital that we must hold to support these contracts over their projected lifetime. We monitor and manage pricing and sales mix to achieve target returns. It may take new business several years before it is profitable, depending on the nature and life of the product, and returns are subject to variability as actual results may differ from pricing assumptions. We seek to mitigate investment risk by actively managing market and credit risks associated with investments and through asset/liability matching portfolio management.

Retail Wealth Management

Products and Services

Our Retail Wealth Management business offers simple, easy-to-understand products, along with holistic advice and guidance delivered through affiliated brokers and by online capabilities. Our current investment solutions include a variety of mutual fund custodial IRA products and managed accounts and advisory programs, plus brokerage accounts.

The primary focus of our Retirement segment is to serve approximately 4.5 million defined contribution plan participant accounts (as of December 31, 2015). We also seek to capitalize on our access to these individuals through our Institutional Retirement Plans business by developing long-term relationships and providing individual retail solutions. We believe that our ability to offer a seamless and integrated approach to an individual customer's entire financial picture, while saving for or living in retirement, presents a compelling reason for our Institutional Retirement Plans participants to use us as their principal investment and retirement plan provider. Through our broad range of advisory programs, our financial advisers have access to a wide set of solutions for our customers for building investment portfolios, including stocks, bonds and mutual funds, as well as managed accounts. These experienced advisers work with customers to select a program to meet their financial needs that takes into consideration each individual's time horizon, goals and attitudes towards risk.

Markets and Advisory Services

Retail Wealth Management advisory services and product solutions are primarily sold through our affiliated distribution group of over 2,100 Voya Financial Advisors representatives as well as online via Voya websites. The affiliated representatives help provide cohesiveness between our Institutional Retirement Plans and Retail Wealth Management businesses and they are grouped into two primary categories: affiliated field-based representatives and home office phone-based representatives. Affiliated field-based representatives are registered sales and investment advisory representatives in our retail broker dealer that drive both fee-based and commissioned sales. They provide face-to-face interaction with individuals seeking financial advice and retail investment products (e.g., rollover products) as well as retirement and financial planning solutions. Home office phone-based representatives primarily focus on our growth opportunity of assisting participants in our large recordkeeping plans. They offer the same broad suite of products and services as the affiliated field-based representatives, but are highly trained in providing financial advice that helps customers transition through life stage and job-related changes.

In an effort to develop a path for affiliated representatives to offer holistic retirement planning solutions to participants in our Institutional Retirement Plans, we partner with our institutional clients to engage, educate, advise and motivate their employees to take action that will better prepare them for successful retirement outcomes.

Competition

Our Retail Wealth Management advisory services and product solutions compete for rollover and other asset consolidation opportunities against integrated financial services companies and independent broker-dealers who also offer individual retirement products, all of which currently have more market share than insurance-based providers in this space. Primary competitors to our Retail Wealth Management business are, in the investor channel, Fidelity, Schwab, Vanguard and Merrill Edge, and in the field channel, LPL Financial, Ameriprise, Commonwealth, Cambridge, Cetera, Morgan Stanley Smith Barney and Bank of America Merrill Lynch.

Our Retail Wealth Management advisory services and product solutions compete based on our consultative approach, simplicity of design and a fund and investment selection process that includes proprietary and non-proprietary investment options. The advisory services and product solutions are primarily targeted towards existing participants, which allow us to benefit from our

extensive relationships with large corporate and tax-exempt plan sponsors, our small and mid-corporate market plan sponsors and other qualified plan segments in healthcare, higher education and K-12 education.

Underwriting and Pricing

We price our institutional and individual retirement products based on long-term assumptions that include investment returns, mortality, persistency and operating costs. We establish target returns for each product based upon these factors and the expected amount of regulatory and rating agency capital that we must hold to support these contracts over their projected lifetime. We monitor and manage pricing and sales mix to achieve target returns. It may take new business several years before it is profitable, depending on the nature and life of the product, and returns are subject to variability as actual results may differ from pricing assumptions. We seek to mitigate investment risk by actively managing market and credit risks associated with investments and through asset/liability matching portfolio management.

Annuities

The Annuities segment provides fixed and indexed annuities, tax-qualified mutual fund custodial and other investment-only products and payout annuities for pre-retirement wealth accumulation and postretirement income management, sold through multiple channels. Revenues are generated from fees and from margins based on the difference between income earned on the investments supporting the liability and interest credited to customers. Our Annuities segment generated operating earnings before income taxes of \$243.0 million for the year ended December 31, 2015.

We intend to achieve our risk-adjusted return objectives in Annuities through a disciplined approach, balancing profitability with growth, with a focus on preserving margins in low interest rate environments. As a result, we expect to opportunistically grow our Fixed Indexed Annuities ("FIA") business when margins are attractive and to reduce growth but maintain distribution access when margins are less attractive. Our mutual fund custodial products business is not sensitive to interest rate conditions and, as such, is focused on growth. While we still offer traditional fixed annuities, we are prepared to allow the existing business to decline in volume due to low margins and less attractive returns. We intend to meet our risk management objectives by continuing to hedge market risks associated with the indexed crediting strategies selected by clients on our FIA contracts. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Risk Management."

Products and Services

Our Annuities segment product offerings include immediate and deferred fixed annuities designed to address customer needs for tax-advantaged savings and retirement income and their wealth-protection concerns. New sales comprise primarily FIAs and tax-qualified mutual fund custodial accounts.

FIAs. FIAs are marketed principally based on underlying interest-crediting guarantee features coupled with the potential for increased returns based on the performance of market indices. For an FIA, the principal amount of the annuity is guaranteed to be no less than a minimum value based on non-forfeiture regulations that vary by state. Interest on FIAs is credited based on allocations selected by a customer in one or more of the strategies we offer and upon policy parameters that we set. The strategies include a fixed interest rate option, as well as several options based upon performance of various external financial market indices. Such indices may include equity indices, such as Standard & Poor's 500 Index (the "S&P 500"), or an interest rate benchmark, such as the change in London Interbank Offered Rates ("LIBOR"). The parameters (such as "caps," "participation rates," and "spreads") are periodically declared by us for both initial and following periods. Our existing FIAs contain death benefits as required by non-forfeiture regulations. Some FIAs contain guaranteed withdrawal benefit features at an additional cost. These living benefits guarantee a minimum annual withdrawal amount for life. The amount of the guaranteed annual

withdrawal may vary by age at first withdrawal.

Annual Reset and Multi-Year Guarantee Annuities ("MYGAs"). Our in-force block includes Annual Reset and MYGA products, which provide guaranteed minimum rates of up to 4.5% and with crediting rate terms from one year to 10 years. These products are running off, with net outflows of \$0.7 billion in 2015, compared with \$1.7 billion in 2014 and \$1.2 billion in 2013. The run-off of these Annual Reset and MYGA contracts is expected to continue to enhance the margin of our Annuities segment in future periods.

Although not currently a significant portion of new sales, we also offer other fixed annuities with a guaranteed interest rate or a periodic annuity payment schedule suitable for clients seeking a stable return.

Investment-Only Products. Our Annuities segment offers tax-qualified mutual fund custodial products, which provide flexible investment options across mutual fund families on a no-load basis. We charge a recordkeeping fee based on the amount of assets invested in the account, and we are paid asset-based fees by the managers of the mutual funds within the account. This product is designed to be a streamlined, simple rollover solution providing continued tax deferral on retirement assets. No minimum guarantees are offered for this product.

Although not currently a significant portion of new sales, we also offer an investment-only non-qualified complement, which provides flexible investment options across mutual fund families on a no-load basis. Similar to our mutual fund custodial product, we charge a recordkeeping fee based on the amount of assets invested in the account, and we are paid asset-based fees by the managers of the mutual funds within the account. No minimum guarantees are offered for this product.

The following chart presents the key in-force annuity and investment-only products within this segment, along with data on AUM for each product, excluding payout annuities:

(\$ in billions)	AUM
Annuity Product	As of December 31, 2015
Fixed Indexed Annuities (FIA)	\$13.9
Multi-Year Guarantee Annuities (MYGA) & other Fixed Annuities	\$5.4
Investment-Only Products ⁽¹⁾	\$4.5

⁽¹⁾ Includes Separate account and mutual funds.

Markets and Distribution

Our target markets for annuities include individual retirees and pre-retirees seeking to accumulate or receive distributions of assets for retirement. Annuity products are primarily distributed by independent marketing organizations, independent broker-dealers, banks, independent insurance agents, pension professionals and affiliated broker-dealers. The following chart presents our Annuities distribution, by channel.

(\$ in millions)	Sales	% of Sales
Channel	Year Ended	Year Ended
	December 31, 2015	December 31, 2015
Independent Insurance Agents / Independent Market Organizations	\$703.6	23.1 %
Independent Broker-Dealers	\$1,569.4	51.4 %
Affiliated Broker-Dealers	\$545.9	17.9 %
Banks and Other Financial Institutions	\$231.8	7.6 %

Our investment-only products are distributed nationally, primarily through relationships with independent brokers, financial planners and agents. New sales are obtained from either a "rollover" from an existing retirement account, a 1035-exchange or funded through non-qualified after-tax dollars.

Since December 2013, we have been engaged in a strategic alliance with The Allstate Corporation under which Allstate offers a full suite of our fixed annuity product offerings to Allstate customers. These fixed annuity products are issued by VIAC and VRIAC. In addition, during 2015, we engaged in a strategic alliance with Farmers Financial Solutions, a part of the Farmers Insurance Group of Companies, under which we will be the exclusive provider of indexed annuity products to Farmers customers.

Competition

Our Annuities segment faces competition from traditional insurance carriers, as well as banks, mutual fund companies and other investment managers such as Allianz, Athene, American Equity, Lincoln and Great American. Principal competitive factors for fixed annuities are initial crediting rates, reputation for renewal crediting action, product features, brand recognition, customer service, cost, distribution capabilities and financial strength ratings of the provider. Competition may affect, among other matters, both business growth and the pricing of our products and services.

Investment-only products compete with brokerage accounts and other financial service and asset allocation offerings.

Underwriting and Pricing

We generally do not underwrite individual lives in our Annuities segment. Instead, we price our products based upon our expected investment returns and our expectations for mortality, longevity and persistency for the group of our contract holders as a whole, taking into account our historical experience. We price annuities by analyzing longevity and persistency risk, volatility of expected earnings on our AUM and the expected time to retirement. Our product pricing models also take into account capital requirements, hedging costs and operating expenses.

Our investment-only products are fee-based recordkeeping products for which the recordkeeping fees, combined with estimated mutual fund revenue sharing, are priced to cover acquisition and operating costs over the life of the account. These investment-only products do not generate investment margins, do not expose us to significant mortality risk and no hedging is required.

Investment Management

We offer domestic and international fixed income, equity, multi-asset and alternatives products and solutions across market sectors, investment styles and capitalization spectrums through our actively managed, full-service investment management business. Multiple investment platforms are backed by a fully integrated business support infrastructure that lowers expense and creates operating efficiencies and business leverage and scalability at low marginal cost. As of December 31, 2015, our Investment Management segment managed \$77.7 billion for third-party institutions and individual investors, \$44.8 billion in separate account assets for our Retirement Solutions and Insurance Solutions businesses and our Closed Block segments and \$78.2 billion in general account assets.

We are committed to reliable and responsible investing and delivering research-driven, risk-adjusted, client-oriented investment strategies and solutions and advisory services across asset classes, geographies and investment styles. We serve a variety of institutional clients, including public, corporate and Taft-Hartley Act defined-benefit and defined-contribution retirement plans, endowments and foundations, and insurance companies through our institutional distribution channel and through affiliates. We also serve individual investors by offering our mutual funds and separately managed accounts through an intermediary-focused distribution platform or through affiliate and third-party retirement platforms.

Investment Management's primary source of revenue is management fees collected on the assets we manage. These fees typically are based upon a percentage of AUM. In certain investment management fee arrangements, we may also receive performance-based incentive fees when the return on AUM exceeds certain benchmark returns or other performance hurdles. In addition, and to a lesser extent, Investment Management collects administrative fees on outside managed assets that are administered by our mutual fund platform, and distributed primarily by our Retirement Solutions business. Investment Management also receives fees as the primary investment manager of our general account, which is managed on an arm's-length pricing basis. Investment Management generated operating earnings before income taxes of \$181.9 million for the year ended December 31, 2015.

We are driving Investment Management profitability by leveraging continued strong investment performance across all asset classes to accelerate growth in AUM. We are also increasing scale in our primary capabilities and our share of proprietary funds in affiliate products, principally through leveraging our access to approximately 47,000 defined contribution plan sponsors and nearly 4.5 million plan participant accounts through our Retirement business as of December 31, 2015. We are focused on capitalizing on Retirement Solutions' leading market position and Investment Management's broad investment capabilities and strong investment track records. To that end we have established dedicated retirement resources within our Investment Management intermediary-focused distribution team to work with Retirement Solutions and have enhanced our MASS investment platform (described below) to increase focus on retirement products such as our target date and target risk portfolios, which we believe will capture an increased

proportion of retirement flows going forward.

We are also growing our third-party affiliated and non-affiliated investment management business through continued strength of investment performance as well as a number of key strategic initiatives, including: improved distribution productivity; increased focus on client "solutions" and income and outcome oriented products such as target date funds; pursuit of investment only mandates on non-affiliate retirement platforms; replacement of sub-advised Voya Mutual Funds where Investment Management now offers stronger investment performance; sub-advisory mandates for Investment Management capabilities on others' platforms; leveraging partnerships with financial intermediaries and consultants; long -term expansion of our international investment capabilities; opportunistic launching of capital markets products such as Collateralized loan obligations ("CLOs") and Closed End Mutual Funds; and prudent expansion of our private equity business.

Products and Services

Investment Management delivers products and services that are manufactured by traditional and specialty investment platforms. The traditional platforms are fixed income, equities and MASS. The specialty investment platforms are senior bank loans and alternatives.

Fixed Income. Investment Management's fixed income platform manages assets for our general account, as well as for domestic and international institutional and retail investors. As of December 31, 2015, there were \$116.1 billion in AUM on the fixed income platform, of which \$78.2 billion were general account assets. Through the fixed income platform clients have access to money market funds, investment-grade corporate debt, government bonds, residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), asset-backed securities ("ABS"), high yield bonds, private and syndicated debt instruments, commercial mortgages and preferred securities. Each sector within the platform is managed by seasoned investment professionals supported by significant credit, quantitative and macro research and risk management capabilities.

Equities. The equities platform is a multi-cap and multi-style research-driven platform comprising both fundamental and quantitative equity strategies for institutional and retail investors. As of December 31, 2015, there were \$56.1 billion in AUM on the equities platform covering both domestic and international markets including Real Estate. Our fundamental equity capabilities are bottom-up, research driven and cover growth, value and core strategies in the large, mid and small cap spaces. Our quantitative equity capabilities are used to create quantitative and enhanced indexed strategies, support other fundamental equity analysis and create extension products.

MASS. Investment Management's MASS platform offers a variety of investment products and strategies that combine multiple asset classes with asset allocation techniques. The objective of the MASS platform is to develop customized solutions that meet the specific, and often unique, goals of investors with products that change dynamically over time in response to changing markets and client needs. Utilizing core capabilities in asset allocation, manager selection, asset/liability modeling, risk management and financial engineering, the MASS team has developed a suite of target date and target risk funds that are distributed through our Retirement Solutions business and to institutional and retail investors. These funds can incorporate multi-manager funds. The MASS team also provides pension risk management, strategic and tactical asset allocation, liability-driven investing solutions and investment strategies that hedge out specific market exposures (e.g., portable alpha) for clients.

Senior Bank Loans. Investment Management's senior bank loan group is an experienced manager of below-investment grade floating-rate loans, actively managing diversified portfolios of loans made by major banks around the world to non-investment grade corporate borrowers. Senior in the capital structure, these loans have a first lien on the borrower's assets, typically giving them stronger credit support than unsecured corporate bonds. The platform offers institutional, retail and structured products (e.g., CLOs), including on-shore and off-shore vehicles with assets of \$19.8 billion as of December 31, 2015.

Alternatives. Investment Management's primary alternatives platform is Pomona Capital. Pomona Capital specializes in investing in private equity funds in three ways: by purchasing secondary interests in existing partnerships; by investing in new partnerships; and by co-investing alongside buyout funds in individual companies. As of December 31, 2015, Pomona Capital managed assets totaling \$7.3 billion across a suite of eight limited partnerships and the Pomona Investment Fund, a new registered investment fund launched in May, 2015 that is available to accredited investors. In addition, Investment Management offers select alternative and hedge funds leveraging our core debt and equity investment capabilities.

The following chart presents asset and net flow data as of December 31, 2015, broken out by Investment Management's five investment platforms as well as by major client segment:

Investment Platform	AUM As of December 31, 2015 \$ in billions	Net Flows Year Ended December 31, 2015 \$ in millions
Fixed income	\$ 116.1	\$(1,773.7)
Equities	56.1	(4,698.8)
Senior Bank Loans	19.8	1,279.4
Alternatives	8.7	587.3
Total	\$200.7	(1) \$(4,605.8)
MASS (1)	26.7	(3,093.9)
Client Segment		
Retail	\$66.7	\$(6,096.6)
Institutional	55.9	84.9
General Account	78.2	N/A
Mutual Funds Manager Re-assignments (2)	N/A	1,405.9
Total	\$200.7	\$(4,605.8)
Voya Financial affiliate sourced, excluding CBVA(3)	\$30.7	\$(671.9)
CBVA (3)	23.7	(3,416.1)

\$21.2 billion of MASS assets are included in the fixed income, equity and senior bank loan AUM figures presented above. The balance of MASS assets, \$5.5 billion, is managed by third parties and we earn only a modest fee on these assets.

(2) Represents the re-assignment of mutual fund management contracts to Voya Investment Management from external managers. The AUM related to the re-assignments are included in the retail segment above.

(3) Assets sourced from Voya Financial, including CBVA, are also included in the retail and institutional markets segments above.

Markets and Distribution

We serve our institutional clients through a dedicated sales and service platform consisting of direct- and consultant-focused sales professionals. We serve individual investors through an intermediary-focused distribution platform, consisting of business development and wholesale forces which partner with banks, broker-dealers and independent financial advisers, as well as our affiliate and third-party retirement platforms.

With the exception of Pomona Capital, the different products and strategies associated with our investment platforms are distributed and serviced by these Retail and Institutional client-focused segments as follows:

Retail client segment: Open- and closed-end funds through affiliate and third-party distribution platforms, including wirehouses, brokerage firms, and independent and regional broker-dealers. As of December 31, 2015, total AUM from these channels was \$66.7 billion.

Institutional client segment: Individual and pooled accounts, targeting defined benefit, defined contribution recordkeeping and retirement plans, Taft Hartley and endowments and foundations. As of December 31, 2015, Investment Management had approximately 265 institutional clients, representing \$55.9 billion of AUM primarily in separately managed accounts, collective investment trusts and structured vehicles.

Investment Management manages a variety of variable portfolio, mutual fund and stable value assets, sold through our Retirement, Annuities, and Insurance Solutions businesses. As of December 31, 2015, total AUM from these channels and CBVA was \$54.4 billion with the majority of the assets gathered through our Retirement segment.

Competition

Investment Management competes with a wide array of asset managers and institutions in the highly fragmented U.S. investment management industry. In our key market segments, Investment Management competes on the basis of, among other things, investment performance, investment philosophy and process, product features and structure and client service. Our principal competitors in the Investment Management business include insurance-owned asset managers such as Principal Global Investors (Principal Financial Group), Prudential and Ameriprise, bank-owned asset managers such as J.P. Morgan Asset Management, as well as "pure-play" asset managers including PIMCO, Invesco, Wellington, Legg Mason, T. Rowe Price, Franklin Templeton and Fidelity.

Insurance Solutions

Our Insurance Solutions business comprises two reporting segments: Individual Life and Employee Benefits. Our strategy is based on a broad and effective distribution model, fueled by a manufacturing capability that provides a stream of competitive product solutions, all supported by an efficient operations and underwriting model.

Individual Life

Our Individual Life segment has a broad independent distribution footprint and manufactures a wide range of competitive products, with a focus on indexed universal life. We offer fixed, indexed and variable universal life insurance products targeted to more affluent markets, and low-cost term life insurance designed to serve the middle market. We have re-priced certain products and will continue to monitor changes to the product portfolio to align with market conditions. As of September 30, 2015, we were the seventeenth largest writer of universal life in the United States based on premiums sold or written. As of September 30, 2015, we were the twenty-fourth largest writer of term life in the United States. Our strong market positions have allowed us to properly scale our business to achieve greater profitability. As of December 31, 2015, Individual Life's in-force book comprised over 0.9 million policies and gross premiums and deposits of approximately \$1.9 billion.

The Individual Life segment generates revenue on its products from premiums, investment income, expense load, mortality charges and other policy charges, along with some asset-based fees. Profits are driven by the spread between investment income earned and interest credited to policyholders, plus the difference between premiums and mortality charges collected and benefits and expenses paid. Our Individual Life segment generated operating earnings before income taxes of \$172.7 million for the year ended December 31, 2015.

We intend to achieve our earnings growth in our Individual Life segment by focusing on growing our earnings drivers. Our earnings drivers include growing our in-force block of business by adding new businesses and entering new markets that meet our profit and capital requirements, combined with effectively managing our in-force block to meet our profitability objectives. They also include focusing on improving our investment margins, growing our mortality profits and fully exploiting our technological capability in order to continue to reduce new business unit costs and underwriting expense. In addition, we will further our financial objectives by continuing to utilize reinsurance to actively manage our risk and capital profile with the goal of controlling exposure to losses, reducing volatility and protecting capital. We aim to maximize earnings and capital efficiency in part by relieving the reserve strain for certain of our term and universal life products by means of reinsurance arrangements and other financing transactions. We also look to transfer certain blocks of business through reinsurance in order to more effectively manage our capital. For example, in 2015 and 2014 we reinsured two in-force blocks comprising approximately 325,000 term life insurance policies, representing approximately \$190 billion of life insurance in-force and backed by over \$2.7 billion in statutory reserves, to a third-party reinsurer.

In addition, we have completed the introduction of re-priced offerings for term and universal life products, both of which are high capital consuming products. We expect these actions to slow the sale of the high-capital products while

we simultaneously grow sales in the low capital, cash accumulation and current assumption type products.

Products and Services

Our Individual Life segment currently offers products that include UL, IUL, variable universal life and term life, insurance. These offerings are designed to address customer needs for death benefit protection, tax-advantaged wealth transfer and accumulation, premium financing, business planning, executive benefits and supplemental retirement income. We believe that our combination of product solutions is well-suited for the middle-market through the mass-affluent and makes us a full service provider to our independent distribution partners.

UL. Accumulation-focused universal life products feature the opportunity to build tax-deferred cash value that can be accessed by customers via loans and withdrawals for future needs. This money grows income tax-deferred, meaning no federal or state income taxes apply while it accumulates. The compounding tax-deferred interest can be an attractive feature to policyholders. These products help policyholders meet longer-range goals like college funding, supplemental retirement income and leaving a legacy for heirs. Other features include flexible premium payments that can change to meet policyholders' evolving financial needs.

IUL. For customers looking for an opportunity for a higher return in a low rate environment, we offer IUL products, which, along with death benefit protection, provide customers the opportunity for growth through potentially stronger surrender values than traditional UL products. These IUL products link to both fixed and indexed crediting strategies and offer protection from downside risk through a minimum interest guarantee, helping customers who seek solutions that would be advantageous for providing supplemental retirement income, payment of college costs or executive benefits. One of the IUL products we offer provides up to a lifetime death benefit guarantee coupled with significant long term surrender value potential through the ability to earn an index credit linked, in part, to any increases in the S&P 500. In October 2013, we introduced a re-priced Index Universal Life-Guaranteed Death Benefit ("IUL-GDB") which focuses on providing a death benefit for the customer wanting a guarantee but also wanting cash value for future flexibility. Indexed products are the fastest growing new product segment and are a major focus of our product and distribution effort as they are less capital intensive and provide attractive returns.

Variable Universal Life. For customers seeking greater growth potential and more control over their investments, we offer an individual variable universal life insurance product designed to provide long-term cash accumulation potential with the ability to add optional riders that provide guarantees and more flexibility. We offer customers the ability to choose from individual variable investment options, which range from conservative to aggressive stock and bond investments managed by respected investment management firms in the industry or from diverse asset allocation solutions designed to match a customer's risk tolerance.

Term Life. Term life insurance provides basic, economical life insurance for consumers, and we market term life insurance primarily on competitive pricing and service models. Our term products, basic life and return-of-premium, offer flexible coverage for periods spanning ten to thirty years. Our term model provides us with added scale for expense coverage and opportunity for mortality profit.

The following chart presents data on our in-force face amount and total gross premiums and deposits received for the key life insurance products that we offer:

(\$ in millions)	In-Force Face Amount As of	Total gross premiums and deposits Year Ended
Individual Life Product	December 31, 2015	December 31, 2015
Term Life	\$254,211.2	\$687.0
Universal Life	\$78,274.4	\$1,016.2
Variable Universal Life	\$24,734.4	\$173.9

Markets and Distribution

Our Individual Life segment distributes our product offerings primarily through a network of Aligned Distributors who are committed to promoting Voya products to independent agents and advisors. Aligned Distributors receive higher levels of service, and access to proprietary tools and training. Through this channel, we partner with approximately 100 Aligned Distributors with access to over 55,000 producers as of December 31, 2015. These producers utilize our brand and sell a wide range of our products, including life, annuity and mutual funds. We also support other independent general agents and marketing organizations who sell a broad portfolio of products from

various carriers including Voya branded life, annuity and mutual fund offerings. Our distribution organization boasts a comprehensive sales support, sales technology, marketing support and illustration system. We offer service solutions to meet the diverse and changing requirements of our customers and distribution partners.

The following table presents a breakdown of Individual Life sales by distribution channel:

(\$ in millions)	Sales	% of Sales
Channel	Year Ended	Year Ended
	December 31, 2015	December 31, 2015
Aligned Distribution Sales	\$77.4	77.2 %
Non-Aligned	\$17.2	17.1 %
Direct-Term Writers	\$5.6	5.6 %

The goal of our Individual Life distribution model is to be a full-service provider of life insurance products with a broad footprint, offering customers multiple ways to purchase products from our diverse portfolio. Achieving this goal has allowed us to penetrate affluent markets with our non-term portfolio, while building scale through policy count with sales of term and lower face non-term products in the middle market.

Competition

The Individual Life segment competes with large, well-established life insurance companies in a mature market, where price and service are key drivers. Primary competitors include Lincoln, MetLife, Prudential, American General, Principal Financial Group, John Hancock, Transamerica and Pacific Life. Individual Life primarily competes based on service and distribution channel relationships, price, brand recognition, financial strength ratings of our insurance subsidiaries and financial stability. We have strong capabilities to monitor competition and we utilize advanced models to benchmark our product offerings against others in the industry.

Factors that could influence our ability to competitively price products while achieving targeted returns include the cost and availability of statutory reserve financing required for certain term and universal life insurance policies, internal capital funding requirements and an extended low interest rate environment.

Underwriting and Pricing

We set prices for many of our insurance products based upon expected mortality over the life of the product. We base the pricing of our life insurance products in part upon expected persistency of these products, which is the probability that a policy will remain in force from one period to the next. We base premiums and policy charges for individual life insurance on expected death benefits, surrender benefits, expenses and required reserves. We use assumptions for mortality, interest, expenses, policy persistency and premium payment pattern in pricing policies. In addition, certain of our insurance products that include guaranteed returns or crediting rates underwrite equity market or interest rate risks. We seek to maintain a spread between the return on our general account invested assets and the interest we credit on our policyholder accounts. Our underwriting and risk management functions adhere to prescribed underwriting guidelines, while maintaining a competitive suite of products priced consistent with our mortality assessment. We generally manage mortality risks by enforcing strict underwriting standards and maintaining sufficient scale so that the incidence of risk occurrence is likely to match statistical modeling.

With respect to our universal life secondary guarantee business, we seek to mitigate risk by pricing conservatively to recognize the interest rate risk and are willing to forgo sales in order to maintain our profit and risk profile.

Reinsurance

In general, our reinsurance strategy is designed to limit our mortality risk and volatility. We partner with highly rated, well regarded reinsurers and set up pools to share our excess mortality risk.

As of January 1, 2013, we revised the amount of risk we retain on a life for new business issued after January 1, 2013. For term business, we continue to retain the first \$3 million of risk and the excess risk is shared among a pool of reinsurers. For most of our universal life product portfolio, we retain the first \$5 million of risk and reinsure 100% of the excess over \$5 million among a pool of reinsurers. Our maximum overall retained risk on any one life is \$5 million.

Prior to January 1, 2013, for term business, we retained the first \$3 million of risk and the excess risk was shared among a pool of reinsurers. For most of our universal life product portfolio, we retained the first \$5 million of risk and reinsured a portion of

the excess over \$5 million into a pool until we reached our limit of \$10 million of risk. 100% of the excess over \$10 million then went into the pool. Our maximum overall retained risk on any one life was \$10 million.

Currently, reinsurance for new business is on a monthly renewable term basis, which only transfers mortality risk and limits our counterparty risk exposure. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Risk Management".

Employee Benefits

Our Employee Benefits segment provides group insurance products to mid-size and large corporate employers and professional associations. In addition, our Employee Benefits segment serves the voluntary worksite market by providing individual and payroll-deduction products to employees of our clients. Our Employee Benefits segment is among the largest writers of stop loss coverage in the United States, currently ranking sixth on a premium basis with approximately \$824 million of in-force premiums. We also hold top 20 positions in the group life and voluntary benefits markets on a premium basis as of September 30, 2015. As of December 31, 2015, Employee Benefits total in-force premiums were \$1.5 billion.

The Employee Benefits segment generates revenue from premiums, investment income, mortality and morbidity income and policy and other charges. Profits are driven by the spread between investment income and credited rates to policyholders on voluntary universal life and whole life products, along with the difference between premiums and mortality charges collected and benefits and expenses paid for group life, stop loss and voluntary health benefits. Our Employee Benefits segment generated operating earnings before income taxes of \$146.1 million for the year ended December 31, 2015.

The Employee Benefits segment offers attractive growth opportunities with much less capital strain. For example, we believe there are significant opportunities through expansion in the voluntary benefits market as employers shift benefits costs to their employees. We have a number of new products and initiatives that we believe will help us drive growth in this market. While expanding these lines, we also intend to continue to focus on profitability in our well established group life and stop loss product lines, by adding profitable new business to our in-force block, improving our persistency by retaining more of our best performing groups, and managing our loss ratios to below 80%, particularly on stop loss policies.

Products and Services

Our Employee Benefits segment offers stop loss insurance, group life, voluntary benefits, and group disability products. These offerings are designed to meet the financial needs of both employers and employees by helping employers attract and retain employees and control costs, as well as provide ease of administration and valuable protection for employees.

Stop Loss. Our stop loss insurance provides coverage for mid-sized to large employers that self-insure their medical claims. These employers provide a health plan to their employees and generally pay all plan-related claims and administrative expenses. Our stop loss product helps these employers contain their health expenses by reimbursing specified claim amounts above certain deductibles and by reimbursing claims that exceed a specified limit. We offer this product via two types of protection—individual stop loss insurance and aggregate stop loss insurance. The primary difference between these two types is a varying deductible; both coverages are re-priced and renewable annually.

Group Life. Group life products span basic and supplemental term life insurance as well as accidental death and dismemberment for mid-sized to large employers and affinity groups. These products offer employees guaranteed issue coverage, convenient payroll deduction, affordable rates and conversion options.

Voluntary Benefits. Our voluntary benefits business involves the sale of universal life insurance, whole life insurance, critical illness, accident insurance and short-term disability income through the workplace. This product lineup is 100% employee-paid through payroll deduction. New products have been introduced that focus on group-like structures that address the cost-shifting trend.

Group Disability. Group disability includes group long term disability, short term disability, telephonic short term disability, voluntary long term disability and voluntary short term disability products for mid-sized to large employers. This product offering is typically packaged for sale with group life products, especially in the middle-market.

The following chart presents the key employee benefits products we offer, along with data on annual premiums for each product:

(\$ in millions)	Annualized In-Force Premiums Year Ended December 31, 2015
Employee Benefits Products	
Stop Loss	\$824.4
Group Life	\$502.6
Voluntary Benefits	\$182.9
Group Disability	\$94.1

Markets and Distribution

Our Employee Benefits segment works primarily with national and regional benefits consultants, brokers, TPAs, enrollment firms and technology partners. Our tenured distribution organization provides local sales and account management support to offer customized solutions to mid-sized to large employers backed by a national accounts team. We offer innovative and flexible solutions to meet the varying and changing needs of our customers and distribution partners. We have many years of experience providing unique stop loss solutions and products for our customers. In addition, we are an experienced multi-line employee benefits insurance carrier (group life, disability, stop loss and elective benefits).

We primarily use three distribution channels to market and sell our employee benefits products. Our largest channel works through hundreds of brokers and consultant firms nationwide and markets our entire product portfolio. Our Voluntary sales team focuses on marketing elective benefits to complement an employer's overall benefit package. Our Affinity sales team specializes in working with TPAs to market to members of association and affinity groups. Voya Employee Benefits breadth of distribution gives us access to and the products to meet the needs of employers and their employees.

Our Employee Benefits segment primarily targets mid-sized and large corporate employers through brokers, consultants, TPAs and private exchanges. In addition, we market stop loss coverage to employer sponsors of self-funded employee health benefits plans.

Employee Benefits products are marketed to employers and professional associations through major brokerage operations, benefits consulting firms and direct sales. In the voluntary benefits market, policies are marketed to employees at the worksite through enrollment firms, technology partners and brokers. When combined with distribution channels used by our Individual Life segment, we are able to provide complete access to our products through worksite-based sales.

The following chart presents our Employee Benefits distribution, by channel:

(\$ in millions)	Sales Year Ended December 31, 2015	% of Sales Year Ended December 31, 2015
Channel		
Brokerage (Commissions Paid)	\$252.5	65.1 %
Benefits Consulting Firms (Fee Based Consulting)	\$121.2	31.2 %
Worksite Sales	\$14.3	3.7 %

Competition

The group insurance market is mature and, due to the large number of participants in this segment, price and service are key competitive drivers. Our principal competitors include MetLife, Prudential and Minnesota Life in group life,

Tokio Marine HCC (formerly Houston Casualty), Symetra and Sun Life in Stop Loss, and Unum, Allstate and Transamerica in voluntary benefits.

For group life insurance products, rate guarantees have become the industry norm, with rate guarantee duration periods trending upward in general. Technology is also a competitive driver, as employers and employees expect technology solutions to streamline their administrative costs.

Underwriting and Pricing

Group insurance and disability pricing reflects the employer group's claims experience and the risk characteristics of each employer group. The employer's group claims experience is reviewed at time of policy issuance and periodically thereafter, resulting in ongoing pricing adjustments. The key pricing and underwriting criteria are morbidity and mortality assumptions, the employer group's demographic composition, the industry, geographic location, regional and national economic trends, plan design and prior claims experience.

Stop loss insurance pricing reflects the risk characteristics and claims experience for each employer group. The product is annually renewable and the underwriting information is reviewed annually as a result. The key pricing and underwriting criteria are medical cost trends, morbidity assumptions, the employer group's demographic composition, the industry, geographic location, plan design and prior claims experience. Pricing in the stop loss insurance market is generally cyclical.

Reinsurance

Our Employee Benefits reinsurance strategy seeks to limit our exposure to any one individual which will help limit and control risk. Group Life, which includes Accidental Death and Dismemberment, cedes the excess over \$750,000 of each coverage to a reinsurer. Group Long Term Disability cedes substantially all of the risk including the claims servicing, to a TPA and reinsurer. Excess Stop Loss has a reinsurance program in place that limits our exposure (after an overall \$5 million aggregate deductible that we must meet before reinsurance coverage begins) to any one specific claim to \$1.25 million and there is an aggregate stop loss unit that limits our exposure to \$2.0 million over the Policyholders Aggregate Excess Retention. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Risk Management". We also use an annually renewable reinsurance transaction which lowers required capital of the Employee Benefits segment.

Closed Blocks

We have separated our CBVA and Closed Block Other segments from our other operations, placing them in run-off, and have made a strategic decision to stop actively writing new retail variable annuity products with substantial guarantee features and to run-off the activities within the Closed Block Other segment over time. Accordingly, these segments have been classified as closed blocks and are managed separately from our ongoing business.

We continue to focus on the controlled run-off of our Closed Block segments and look for opportunities to accelerate this run-off, where possible.

CBVA

Our CBVA segment consists of retail variable annuity insurance policies with substantial guarantee features sold primarily from 2001 to early 2010, when the block entered run-off. These policies are long-term savings vehicles in which customers (policyholders) made deposits that are primarily maintained in separate accounts established by the Company and registered with the SEC as unit investment trusts. The deposits were invested, largely at the customer's direction, in a variety of U.S. and international equity, fixed income, real estate and other investment options.

Many of these policies include living benefit riders, including guaranteed minimum withdrawal benefits for life ("GMWBL"), guaranteed minimum income benefits ("GMIB"), guaranteed minimum accumulation benefits ("GMAB") and guaranteed minimum withdrawal benefits ("GMWB"). All deferred variable annuity contracts included guaranteed minimum death benefits ("GMDB").

The financial crisis of 2008-09 resulted in substantial market volatility, low interest rates and depressed equity market levels. Our variable annuity profitability declined markedly in 2009 and 2010 under these adverse market conditions, as customer account values fell below guaranteed levels and therefore our liabilities with respect to the underlying guarantees increased. Moreover, significant reduction in earnings from reduced mutual fund fees and increased hedging costs exacerbated the decline in profitability.

We have taken numerous actions since the financial crisis to strengthen our balance sheet, increase transparency and improve the risk profile of the block, including the following:

in 2009, we made a strategic decision to stop actively writing new retail variable annuity products with substantial guarantee features. The products were fully closed to new sales in early 2010 and the management of the block shifted to run-off;

in 2010, we also refined our capital hedge overlay ("CHO") program to dynamically protect regulatory and rating agency capital levels in down equity market scenarios;

in early 2011, we began hedging the interest rate risk of our GMWBL book of business;

in late 2011, we refined our policyholder behavior assumptions to more closely align with experience resulting in U.S. GAAP and gross U.S. statutory reserve increases of \$741 million and \$2,776 million in the fourth quarter of 2011, respectively; and

in late 2014, we continued to refine our CHO program to also protect regulatory and rating agency capital from increased volatility as well as credit spread widening scenarios.

U.S. GAAP accounting differs from the methods used to determine regulatory and rating agency capital measures. Therefore our hedge programs may create material earnings volatility for U.S. GAAP financial statements.

Our risk management program is focused on balancing key factors including regulatory reserves, rating agency capital, risk-based capital ("RBC"), liquidity, earnings, and economic value. There is significant operational scale (approximately 360,000 variable policy holders and \$35.6 billion in AUM in our CBVA segment, excluding contracts in payout status, as of December 31, 2015) which ensures ongoing hedging, financial reporting and information technology maintenance expense efficiencies.

The block continues to generate revenue from asset-based fees. On a U.S. GAAP basis, we continue to amortize capitalized acquisition costs over estimated gross revenues and we incur operating costs and benefit expenses in support of the segment.

Our focus in managing our CBVA segment is on protecting regulatory and rating agency capital from market movements via hedging and judiciously looking for opportunities to accelerate the run-off of the block, where possible. For example, we have offered enhanced income for certain eligible GMIB policyholders which allowed them to annuitize prior to the end of their 10-year waiting period.

Nature of Liabilities

Substantially all of our CBVA segment products were issued by one of our operating subsidiaries, VIAC.

Each of our CBVA segment deferred variable annuity products include some combination of the following features which the customer elected when purchasing the product:

Guaranteed Minimum Death Benefits (GMDB)

Standard. Guarantees that, upon the death of the individual specified in the policy, the death benefit will be no less than the premiums paid by the customer, adjusted for withdrawals.

Ratchet. Guarantees that, upon the death of the individual specified in the policy, the death benefit will be no less than the greater of (1) Standard or (2) the maximum policy anniversary (or quarterly) value of the variable annuity, adjusted for withdrawals.

Rollup. Guarantees that, upon the death of the individual specified in the policy, the death benefit will be no less than the aggregate premiums paid by the contract owner, with interest at the contractual rate per annum, adjusted for withdrawals. The Rollup may be subject to a maximum cap on the total benefit.

Combo. Guarantees that, upon the death of the individual specified in the policy, the death benefit will be no less than the greater of (1) Ratchet or (2) Rollup.

Guaranteed Minimum Living Benefits

Guaranteed Minimum Income Benefit (GMIB). Guarantees a minimum income payout, exercisable only on a contract anniversary on or after a specified date, in most cases 10 years after purchase of the GMIB rider. The income payout is determined based on contractually established annuity factors multiplied by the benefit base. The benefit base equals the premium paid at the time of product issue and may increase over time based on a number of factors, including a rollup

percentage (mainly 7% or 6% depending on the version of the benefit) and ratchet frequency subject to maximum caps which vary by product version (200%, 250% or 300% of initial premium).

Guaranteed Minimum Withdrawal Benefit and Guaranteed Minimum Withdrawal Benefit for Life (GMWB/GMWBL). Guarantees an annual withdrawal amount for a specified period of time (GMWB) or life (GMWBL) that is calculated as a percentage of the benefit base that equals premium paid at the time of product issue and may increase over time based on a number of factors, including a rollup percentage (mainly 7%, 6% or 0%, depending on versions of the benefit) and ratchet frequency (primarily annually or quarterly, depending on versions). The percentage used to determine the guaranteed annual withdrawal amount may vary by age at first withdrawal and depends on versions of the benefit. A joint life-time withdrawal benefit option was available to include coverage for spouses. Most versions of the withdrawal benefit included reset and/or step-up features that may increase the guaranteed withdrawal amount in certain conditions. Earlier versions of the withdrawal benefit guarantee that annual withdrawals of up to 7% of eligible premiums may be made until eligible premiums previously paid by the contract owner are returned, regardless of account value performance. Asset allocation requirements apply at all times where withdrawals are guaranteed for life.

Guaranteed Minimum Accumulation Benefit (GMAB). Guarantees that the account value will be at least 100% of the eligible premiums paid by the customer after 10 years, adjusted for withdrawals. We offered an alternative design that guaranteed the account value to be at least 200% of the eligible premiums paid by contract owners after 20 years.

Reserves for Future Policy Benefits

We establish and carry actuarially-determined reserves that are calculated to meet our future obligations. The principal assumptions used to establish liabilities for future policy benefits are based on our experience and periodically reviewed against industry standards. These assumptions include mortality, policy lapse, investment returns, inflation, benefit utilization and expenses. Changes in, or deviations from, the assumptions used can significantly affect our reserve levels and related future operations.

The determination of future policy benefit reserves is dependent on actuarial assumptions set by us in determining policyholder behavior, as described above.

Reserves for variable annuity GMDB and GMIB are determined by estimating the value of expected benefits in excess of the projected account balance and recognizing the excess ratably over the accumulation period based on total expected assessments. Expected assessments are based on a range of scenarios. The reserve for the GMIB guarantee incorporates an assumption for the percentage of the contracts that will annuitize. In general, we assume that GMIB annuitization rates will be higher for policies with more valuable (more "in the money") guarantees. We periodically evaluate estimates used and adjust the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised. Changes in reserves for GMDB and GMIB are reported in Policyholder benefits in the Consolidated Statements of Operations.

Variable annuity GMAB, GMWB, and GMWBL are considered embedded derivatives, which are measured at estimated fair value separately from the host annuity contract, along with attributed fees collected or payments made, and reported in Other net realized capital gains (losses) in the Consolidated Statements of Operations.

At inception of the GMAB, GMWB, and GMWBL contracts, we project fees to be attributed to the embedded derivative portion of the guarantee equal to the present value of projected future guaranteed benefits. Any excess or deficient fee is attributed to the host contract and reported in Fee income in the Consolidated Statements of Operations.

The estimated fair value of the GMAB, GMWB, and GMWBL contracts is determined based on the present value of projected future guaranteed benefits, minus the present value of projected attributed fees. A risk neutral valuation methodology is used under which the cash flows from the guarantees are projected under multiple capital market scenarios using observable risk free rates. The projection of future guaranteed benefits and future attributed fees require the use of assumptions for capital markets (e.g., implied volatilities, correlation among indices, risk-free swap curve, etc.) and policyholder behavior (e.g., lapse, benefit utilization, mortality, etc.). The projection also includes adjustments for nonperformance risk and margins for non-capital market risks, or policyholder behavior assumptions. Risk margins are established to capture uncertainties related to policyholder behavior assumptions. The margin represents additional compensation a market participant would require in order to assume these risks.

The table below presents the policy count and account value by type of deferred variable annuity benefits:

(\$ in millions, unless otherwise specified)	As of December 31, 2015			
	Policy Count	Account Value ⁽¹⁾		
		\$	%	
Guaranteed Death Benefits:	359,347	\$35,524		
Standard	155,444	16,254	46	%
Ratchet	80,997	6,570	19	%
Rollup	24,387	1,897	5	%
Combo	98,519	10,803	30	%
Guaranteed Living Benefits:	359,347	\$35,524		
GMIB	125,311	11,680	33	%
GMWBL	108,142	14,128	40	%
GMAB/GMWB	7,426	631	2	%
No Living Benefit	118,468	9,085	25	%

⁽¹⁾ Account value excludes \$3.0 billion of Payout, Policy Loan and life insurance business which is included in consolidated account values.

Capital Management Considerations

The focus of the management of the CBVA segment is on regulatory reserve and capital requirements. As of December 31, 2015, we held regulatory reserves, net of third-party reinsurance, of \$5.1 billion supporting variable annuities guarantees, which included \$4.1 billion supporting living benefit guarantees.

Both market movements and changes in actuarial assumptions (including policyholder behavior and mortality) can result in significant changes to the regulatory reserve and rating agency capital requirements of this segment. The section below on "Variable Annuity Hedge Program and Reinsurance" describes the Variable Annuity CHO program, which is designed to mitigate the effect of adverse market movements on our regulatory capital and rating agency capital positions. Additionally, the section on "CBVA Risks and Risk Management" discusses the risk of adverse developments in policyholder behavior and its potential impact on the regulatory reserves and rating agency capital position.

We believe that our hedge program combined with an estimated \$5.7 billion of assets available to support the guarantees in the variable annuity block provide adequate resources to fund a wide range of, but not all, possible market scenarios as well as a margin for adverse policyholder behavior.

Variable Annuity Hedge Program and Reinsurance

Variable Annuity Guarantee Hedge Program. We primarily mitigate CBVA market risk exposures through hedging. Market risk arises primarily from the minimum guarantees within the CBVA products, whose economic costs are primarily dependent on future equity market returns, interest rate levels, equity volatility levels and policyholder behavior. The Variable Annuity Guarantee Hedge Program is used to mitigate our exposure to equity market and interest rate changes and seeks to ensure that the required assets are available to satisfy future death benefit and living benefit obligations. While the Variable Annuity Guarantee Hedge Program does not explicitly hedge statutory or U.S. GAAP reserves, as markets move up or down, in aggregate the returns generated by the Variable Annuity Guarantee Hedge Program will significantly offset the statutory and U.S. GAAP reserve changes due to market movements.

The objective of the Variable Annuity Guarantee Hedge Program is to offset changes in equity market returns for most minimum guaranteed death benefits and all guaranteed living benefits, while also providing interest rate protection for certain minimum guaranteed living benefits. We hedge the equity market exposure using a hedge target

set using market consistent valuation techniques for all guaranteed living benefits and most death benefits. We also hedge a portion of the interest rate risk in our GMWB/GMAB/GMWBL blocks using a market consistent valuation hedge target. The Variable Annuity Guarantee Hedge Program does not hedge interest rate risks for our GMIB or GMDB, however, interest rate risk is fully hedged to our targets with inclusion of the CHO program, which is discussed below. These hedge targets may change over time with market movements, changes in regulatory and rating agency capital, available collateral and our risk tolerance.

Equity index futures on various equity indices are used to mitigate the risk of the change in value of the policyholder-directed separate account funds underlying the variable annuity contracts with minimum guarantees. A dynamic trading program is utilized to seek replication of the performance of targeted fund groups (i.e., the fund groups that can be covered by indices where liquid futures markets exist).

Total return swaps are also used to mitigate the risk of the change in value of certain policyholder-directed separate account funds. These include fund classes such as emerging markets and real estate. They may also be used instead of futures of more liquid indices where it may be deemed advantageous. This hedging strategy is employed at our discretion based on current risk exposures and related transaction costs.

Interest rate swaps are used to match a portion of the hedge targets on GMWB/GMAB/GMWBL as described above.

Variance swaps and equity options were used to mitigate the impact of changes in equity volatility on the economic liabilities associated with certain minimum guaranteed living benefits. In the second quarter of 2015, we chose to cease this program because of the limited benefit of it covering a small block of business.

Foreign exchange forwards are used to mitigate the impact of policyholder-directed investments in international funds with exposure to fluctuations in exchange rates of certain foreign currencies. Rebalancing is performed based on pre-determined notional exposures to the specific currencies.

Variable Annuity Capital Hedge Overlay Program. CBVA guaranteed benefits are hedged based on their economic or fair value; however, the statutory reserves and rating agency required assets are not based on a market value. When equity markets decrease, the statutory reserve and rating agency required assets for the CBVA guaranteed benefits can increase more quickly than the value of the derivatives held under the Variable Annuity Guarantee Hedge Program. This causes regulatory reserves to increase and rating agency capital to decrease. The CHO program is intended to mitigate market risk to the regulatory and rating agency capital of the Company. The hedge is executed through the purchase and sale of equity index derivatives, variance and credit default swaps, and is designed to limit the uncovered reserve and rating agency capital increases and certain rebalancing costs in an immediate down equity market, credit spread widening, or increased volatility scenario to an amount we believe prudent for a company of our size and scale. This amount will change over time with market movements, changes in regulatory and rating agency capital, available collateral and our risk tolerance.

The following table summarizes the estimated net impacts to funding our regulatory reserves to our CBVA segment, after giving effect to our CHO program and the Variable Annuity Guarantee Hedge Program for various shocks in equity markets and interest rates. This reflects the hedging we had in place as well as any collateral (in the form of a letter of credit ("LOC") and/or available assets) or change in underlying asset values that would be used to achieve credit for reinsurance for the segment of liabilities reinsured to our captive reinsurance subsidiary domiciled in Arizona (referred to in this Annual Report on Form 10-K as "our Arizona captive") at the close of business on December 31, 2015 in light of our determination of risk tolerance and available collateral at that time, which, as noted above, we assess periodically. As part of our risk management approach, we may use LOCs to meet regulatory requirements in our Arizona captive even when capital requirements may be met in aggregate without LOCs. We assess and determine appropriate capital use in various scenarios including a combination of LOCs and available assets. See table below.

(\$ in millions)	As of December 31, 2015						Interest Rates	
	Equity Market (S&P 500)						-1%	+1%
	-25%	-15%	-5%	+5%	+15%	+25%		
Decrease/(increase) in regulatory reserves	\$(3,600)	\$(2,050)	\$(700)	\$650	\$1,750	\$2,600	\$(950)	\$700
Hedge gain/(loss) immediate impact	2,450	1,350	400	(450)	(1,150)	(1,700)	700	(600)

Edgar Filing: Voya Financial, Inc. - Form 10-K

Increase/(decrease) in Market Value of Assets	—	—	—	—	—	—	500	(500)
Increase/(decrease) in LOCs and/or available assets	1,150	700	300	—	—	—	—	350
Net impact	\$—	\$—	\$—	\$200	\$600	\$900	\$250	\$(50)

The foregoing sensitivities illustrate the estimated impact of the indicated shocks beginning on the first market trading day following December 31, 2015 and give effect to rebalancing over the course of the shock event. The estimates of equity market shocks reflect

a shock to all equity markets, domestic and global, of the same magnitude. The estimates of interest rate shocks reflect a shock to rates at all durations (a "parallel" shift in the yield curve). Decrease / (increase) in regulatory reserves includes statutory reserves for policyholder account balances, NAIC Actuarial Guideline 43 ("AG43") reserves and additional cash flow testing reserves related to the CBVA segment. Hedge Gain / (Loss) includes both the Variable Annuity Guarantee Hedge Program and the CHO program and assumes that hedge positions can be rebalanced during the market shock and that the performance of the derivative contracts reasonably matches the performance of the contract owners' variable fund returns. Increase / (decrease) in LOCs and/or available assets indicates the change in the amount of LOCs and/or available assets used to provide credit for reinsurance at those times when the assets backing the reinsurance liabilities may be less than the statutory reserve requirement. Increase / (decrease) in Market Value of Assets is the estimated potential change in market value of assets supporting the segment of liabilities reinsured to our Arizona captive from 100 basis point upward and downward shifts in interest rates.

Results of an actual shock to equity markets or interest rates will differ from the above illustration for reasons such as variance in market volatility versus what is assumed, 'basis risk' (differences in the performance of the derivative contracts versus the contract owner variable fund returns), equity shocks not occurring uniformly across all equity markets, combined effects of interest rates and equities, additional impacts from rebalancing of hedges and/or the effects of time and changes in assumptions or methodology that affect reserves or hedge targets. Additionally, estimated net impact sensitivities vary over time as the market and closed book of business evolve or if assumptions or methodologies that affect reserves or hedge targets are refined.

As stated above, the primary focus of the hedge program is to protect regulatory and rating agency capital from market movements. Hedge ineffectiveness, along with other aspects not directly hedged (including unexpected policyholder behavior), may cause losses of regulatory or rating agency capital. Regulatory and rating agency capital requirements may move disproportionately (i.e., they may change by different amounts as market conditions and other factors change), and, therefore, this could also cause our hedge program to not realize its key objective of protecting both regulatory and rating agency capital from market movements.

For VIAC, our hedge resources related to equity movements (which include guarantee and overlay equity hedges, as well as other assets) increased by approximately \$300.0 million for the year ended December 31, 2015. In addition, there was approximately no equity market change in AG43 reserves in excess of reserves for cash surrender value for the year ended December 31, 2015. Changes in statutory reserves due to equity and equity hedges for VIAC include the effects of non-affiliated reinsurance for variable annuity policies, but exclude the effect of the affiliated reinsurance transaction associated with the GMIB and GMWBL riders. Substantially all of the CBVA business was written by VIAC. In addition to equity hedge results and change in reserves due to the impact of equity market movements, statutory income includes fee income, investment income and other income offset by benefit payments, operating expenses and other costs as well as impacts to reserves and hedges due to effects of time and other market factors.

As U.S. GAAP accounting differs from the methods used to determine regulatory reserves and rating agency capital requirements, our hedge programs may result in immediate impacts that may be lower or higher than the regulatory impacts illustrated above. The following table summarizes the estimated net impacts to U.S. GAAP earnings pre-tax in our CBVA segment, which is the sum of the increase or decrease in U.S. GAAP reserves and the hedge gain or loss from our CHO program and the Variable Annuity Guarantee Hedge Program for various shocks in both equity markets and interest rates. This reflects the hedging we had in place at the close of business on December 31, 2015 in light of our determination of risk tolerance at that time, which, as noted above, we assess periodically.

(\$ in millions)	December 31, 2015							
	Equity Market (S&P 500)						Interest Rates	
	-25%	-15%	-5%	+5%	+15%	+25%	-1%	+1%
	\$400	\$250	\$50	\$(150)	\$(250)	\$(350)	\$(400)	\$250

Total estimated earnings
sensitivity

The foregoing sensitivities illustrate the impact of the indicated shocks on the first market trading day following December 31, 2015 and give effect to dynamic rebalancing over the course of the shock events. The estimates of equity market shocks reflect a shock to all equity markets, domestic and global, of the same magnitude. The estimates of interest rate shocks reflect a shock to rates at all durations (a "parallel" shift in the yield curve). We regularly monitor and refine our hedge program targets in line with our primary goal of protecting regulatory and rating agency capital. It is possible that further changes to our hedge program will be made and those changes may either increase or decrease earnings sensitivity. Liabilities are based on U.S. GAAP reserves and embedded derivatives, with the latter excluding the effects of nonperformance risk. Deferred acquisition cost ("DAC") is amortized over estimated gross revenues, which we do not expect to be volatile. Volatility could be driven by loss recognition, however. Hedge Gain / (Loss) impacting the above estimated earnings sensitivity includes both the Variable Annuity Guarantee Hedge

Program and the CHO program and assumes that hedge positions can be rebalanced during the market shock and that the performance of the derivative contracts reasonably matches the performance of the contract owners' variable fund returns.

Actual results will differ from the estimates above for reasons such as variance in market volatility versus what is assumed, 'basis risk' (differences in the performance of the derivative contracts versus the contract owner variable fund returns), changes in nonperformance spreads, equity shocks not occurring uniformly across all equity markets, combined effects of interest rates and equities, additional impacts from rebalancing of hedges, and/or the effects of time and changes in assumptions or methodology that affect reserves or hedge targets. Additionally, estimated net impact sensitivities vary over time as the market and closed block of business evolves, or if changes in assumptions or methodologies that affect reserves or hedge targets are refined. As the closed block of business evolves, actual net impacts are realized, or if changes are made to the target of the hedge program, the sensitivities may vary over time. Additionally, actual results will differ from the above due to issues such as basis risk, market volatility, changes in implied volatility, combined effects of interest rates and equities, rebalancing of hedges in the future, or the effects of time and other variations from the assumptions in the above table.

In addition to equity market and interest rate changes, movements in other market variables that are not explicitly hedged can also cause U.S. GAAP earnings volatility. This includes changes in implied equity market volatility (implied from the market prices of equity options) that affects the valuation of our fair value liabilities. We do not fully hedge for equity implied volatility given that such hedging introduces volatility in our regulatory reserves and rating agency capital which are not as sensitive to this market variable.

As of December 31, 2015, the U.S. GAAP sensitivity (exclusive of our nonperformance spread) of the GMAB / GMWB and GMWBL liabilities to a 1 percentage point move in implied volatility was approximately \$49 million, excluding the impact of hedge offsets.

Hedging instruments

Guarantee Hedge. In order to mitigate equity risk associated with non-reinsured GMDBs and non-reinsured guaranteed living benefits, we enter into futures positions and total return swaps on various public market equity indices chosen to closely replicate contract owner variable fund returns. We also mitigate most of the foreign currency risk arising from its international fund exposure using forward contracts. We use market consistent valuation techniques to establish our derivative positions and to rebalance the derivative positions in response to market fluctuations. We also administer a hedge program that mitigates not only equity risk, but also the interest rate risk associated with our GMWB, GMWBL and GMAB riders. This component of the hedge primarily involves entering into interest rate swaps.

Capital Hedge Overlay. The Variable Annuity CHO program is an overlay to the Variable Annuity Guarantee Hedge Program that mitigates the impact of potential declines in markets and their impact on regulatory reserves and rating agency capital. The program's hedge strategy involves using equity index derivatives, variance and credit default swaps.

The following table presents notional and fair value for hedging instruments:

(\$ in millions)	Notional Amount			Fair Value		
	As of December 31, 2015	As of December 31, 2014	As of December 31, 2013	As of December 31, 2015	As of December 31, 2014	As of December 31, 2013
Variable Annuity Hedge Program						
Equity Futures ⁽³⁾	\$6,460.9	\$6,855.1	\$6,641.3	\$57.6	\$104.7	\$(20.9)
Total Return Swaps	2,581.8	1,126.3	1,048.7	(1.5)	8.1	(8.5)
Variance Swaps	—	6.2	1.8	—	(10.6)	(17.0)
Credit Hedge	1,550.5	1,000.0	—	(7.2)	(16.3)	—
Currency Forwards ⁽¹⁾	794.1	844.9	698.2	12.8	10.7	(0.5)
Interest Rate Swaps ⁽¹⁾⁽²⁾	14,022.0	8,962.0	12,874.0	394.9	334.8	(449.1)
Options ⁽¹⁾⁽⁴⁾	4,978.1	9,149.8	605.0	88.1	41.7	14.2
Total	\$30,387.4	\$27,944.3	\$21,869.0	\$544.7	\$473.1	\$(481.8)

⁽¹⁾ Offsetting contracts have not been netted, therefore total notional of all outstanding contracts is shown.

⁽²⁾ Total notional shown is a combination of pay-fix and pay-float contracts.

⁽³⁾ Fair Value equals last day's cash settlement.

⁽⁴⁾ Notional amounts include options used to manage volatility of \$1,954.5 million, \$447.2 million and \$605.0 million as of December 31, 2015, 2014, and 2013, respectively.

Reinsurance. For contracts issued prior to January 1, 2000, most contracts with enhanced death benefit guarantees were reinsured to third-party reinsurers to mitigate the risk produced by such guaranteed death benefits. For contracts issued on or after January 1, 2000, the Company instituted a Variable Annuity Guarantee Hedge Program in lieu of reinsurance. We utilized indemnity reinsurance agreements prior to January 1, 2000 to reduce our exposure to large losses from GMDBs in our CBVA segment. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge our primary liability as direct insurer of the risks. We evaluate the financial strength of potential reinsurers and continually monitor the financial strength and credit ratings of our reinsurers.

CBVA Risks and Risk Management

The amounts ultimately due to policyholders under GMDB and guaranteed minimum living benefits, and the reserves required to support these liabilities, are driven by a variety of factors, including equity market performance, interest rate conditions, policyholder behavior, including exercise of various contract options, and policyholder mortality. We actively monitor each of these factors and implement a variety of risk management and financial management techniques to optimize the value of the block. Such techniques include hedging, use of affiliate reinsurance, external reinsurance, and experience studies. For more information on the reinsurance arrangements, see the Reinsurance Note in our Consolidated Financial Statements in Part II, Item 8. in this Annual Report on Form 10-K.

Market Risk Related to Equity Market Price and Interest Rates. Our variable products, FIA products and general account equity securities are significantly influenced by global equity markets. Increases or decreases in equity markets impact certain assets and liabilities related to our variable annuity products and our earnings derived from those products. Our variable products include variable annuity contracts and variable life insurance. A decrease in the

equity markets may cause a decrease in the account values, thereby increasing the possibility that we may be required to pay amounts to contract owners due to guaranteed death and living benefits. An increase in the value of the equity markets may increase account values for these contracts, thereby decreasing our risk associated with guaranteed death and living benefits.

We are also subject to interest rate risk in our CBVA segment, as a sustained decline in interest rates or a prolonged period of low interest rates may subject us to higher cost of guaranteed benefits and increased hedging costs.

In addition, in scenarios of equity market declines, sustained periods of low interest rates, rapidly rising interest rates or credit spread widening, the amount of additional statutory reserves that an insurance subsidiary is required to hold for variable annuity guarantees may increase. This increase in reserves would decrease the statutory surplus available for use in calculating its RBC ratios. In addition, collateral posting requirements for the hedge program could also pressure liquidity.

Periods of significant and sustained downturns in equity markets, increased equity volatility, reduced interest rates or a prolonged period of low interest rates could result in an increase in the valuation of the future policy benefit or account balance liabilities associated with such products, resulting in a reduction to net income (loss). Although a certain portion of our guaranteed benefits is reinsured or covered under our Variable Annuity Guarantee Hedge Program, for those guarantees not covered by these programs, we are exposed to the risk of increased costs and/or liabilities for benefits guaranteed in excess of account values during periods of adverse economic market conditions. Our risk management program is constantly re-evaluated to respond to changing market conditions and achieve the optimal balance and trade-offs among several important factors, including regulatory reserves, rating agency capital, RBC, earnings and other factors. A certain portion of these strategies could focus our emphasis on the protection of regulatory and rating agency capital, RBC, liquidity, earnings and other factors and less on the earnings impact of guarantees, resulting in materially lower or more volatile U.S. GAAP earnings in periods of changing equity market levels. While we believe that our risk management program is effective in balancing numerous critical metrics, we are subject to the risk that our strategies and other management procedures prove ineffective or that unexpected policyholder experience, combined with unfavorable market events, produces losses beyond the scope of the risk management strategies employed, which may have a material adverse effect on our results of operations, financial condition and cash flows. We are also subject to the risk that the cost of hedging these guaranteed minimum benefits increases as implied volatilities increase and/or interest rates decrease, resulting in adverse impact to net income (loss).

Risk Related to Hedging. Our risk management program attempts to balance a number of important factors including regulatory reserves, rating agency capital, RBC, underlying economics, earnings and other factors. As discussed above, to reduce the risk associated with guaranteed living benefits, non-reinsured GMDB and fees related to these benefits, we enter derivative contracts on various public market indices chosen to closely replicate contract owner variable fund returns.

The Company's risk management program is constantly re-evaluated to respond to changing market conditions and manage trade-offs among capital preservation, earnings and underlying economics.

Hedging instruments we use to manage risks might not perform as intended or expected, which could result in higher realized losses and unanticipated cash needs to collateralize or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralized.

Risk Related to Policyholder Behavior Assumptions. Our CBVA segment is subject to risks associated with the future behavior of policyholders and future claims payment patterns, using assumptions for mortality experience, lapse rates, GMIB annuitization rates and GMWBL withdrawal rates. We are required to make assumptions about these behaviors and patterns, which may not reflect the actual behaviors and patterns we experience in the future. It is possible that future assumption changes could produce reserve changes that could be material. Any such increase to reserves could require us to make material additional capital contributions to one or more of our insurance company subsidiaries or could otherwise be material and adverse to the results of operations or financial condition of the Company.

In particular, we have only minimal experience regarding the long-term implications of policyholder behavior for our GMIB, and, as a result, future experience could lead to significant changes in our assumptions. Our GMIB contracts, most of which were issued during the period from 2004 to 2006, have a ten-year waiting period before annuitization is available. These contracts first become eligible to annuitize during the period from 2014 through 2016, but contain significant incentives to delay annuitization beyond the first eligibility date. In addition, during 2014 and 2015, we made two income enhancement offers to holders of particular series of GMIB contracts, under which policy holders were offered an incentive to annuitize prior to the end of the waiting period, and we have waived the remaining waiting period on these GMIB contracts. As a result, although we have increased experience on policyholder behavior

for the first opportunity to annuitize, including from the acceptance rates of the income enhancement offers, we continue to have only a statistically small sample of experience used to set annuitization rates beyond the first eligibility date. Therefore, we anticipate that observable experience data will become statistically credible later in this decade, when a large volume of GMIB benefits begin to reach their maximum benefit over the four-year period from 2019 to 2022.

Similarly, most of our GMWBL contracts are still in the first seven to nine policy years, so our assumptions for withdrawal from contracts with GMWBL benefits may change as experience emerges. In addition, many of our GMWBL contracts contain significant incentives to delay withdrawal. Our experience for GMWBL contracts has recently become more credible, however it is possible that policyholders may choose to withdraw sooner or later than the current best estimate assumes. We expect customer decisions on withdrawal will be influenced by their financial plans and needs as well as by interest rate and market conditions over time and by the availability and features of competing products.

We also make estimates of expected lapse rates, which represent the probability that a policy will not remain in force from one period to the next, for contracts in the CBVA segment. Lapse rates of our variable annuity contracts may be significantly impacted by the value of guaranteed minimum benefits relative to the value of the underlying separate accounts (account value or account balance). In general, policies with guarantees that are "in the money" are assumed to be less likely to lapse. Conversely, "out of the money" guarantees are assumed to be more likely to lapse as the policyholder has less incentive to retain the policy. Lapse rates could also be adversely affected generally by developments that affect customer perception of us.

Our variable annuity lapse rate experience has varied significantly over the period from 2006 to the present, reflecting among other factors, both pre-and post-financial crisis experience. Relative to our current expectations, actual lapse rates have generally demonstrated a declining trend over the period from 2006 to the present. We analyze actual experience over that entire period, as we believe that over the duration of the variable annuity policies we may experience the full range of policyholder behavior and market conditions. However, management's current best estimate of variable annuity policyholder lapse behavior is weighted more heavily toward more recent experience, as the last three years of data have shown a more consistent trend of lapse behavior. Actual lapse rates that are lower than our lapse assumptions could have an adverse effect on profitability in the later years of a block of business because the anticipated claims experience may be higher than expected in these later years, and, as discussed above, future reserve increases in connection with experience updates could be material and adverse to the results of operations or financial condition of the Company.

We review overall policyholder experience at least annually (including lapse, annuitization, withdrawal and mortality), and update these assumptions when deemed necessary based on additional information that becomes available. As customer experience continues to materialize, we may adjust our assumptions. We increased reserves in the fourth quarter of 2011 after a comprehensive review of our assumptions relating to lapses, mortality, annuitization of income benefits and utilization of withdrawal benefits. The review in 2011 included an analysis of a larger body of actual experience than was previously available, including a longer period with low equity markets and interest rates, which we believe provided greater insight into anticipated policyholder behavior for contracts that are in the money. This resulted in an increase of U.S. GAAP reserves of \$741 million and gross U.S. statutory reserves of \$2,776 million in the fourth quarter of 2011.

In our most recent annual review of assumptions related to our CBVA contracts in the third quarter of 2015, annual assumption changes and revisions to projection model inputs implemented resulted in loss of \$86.0 million. This \$86.0 million loss included an unfavorable \$43.0 million resulting from policyholder behavior assumption changes primarily related to an update to lapse assumptions, partially offset by a favorable \$27.4 million resulting from changes to mortality assumptions. The loss also included an unfavorable \$70.4 million as a result of updates we have made to other assumptions, principally relating to expected earned rates on certain investment options available to variable annuity contractholders, discount rates applicable to future cash flows from variable annuity contracts and long-term volatility. Annual assumption changes and revisions to projection model inputs implemented during 2014 resulted in a gain of \$102.3 million (excluding a gain of \$37.9 million due to changes in the technique used to estimate nonperformance risk). This \$102.3 million gain included a favorable \$170.2 million resulting from policyholder behavior assumption changes partially offset by an unfavorable \$40.5 million resulting from changes to mortality assumptions. The gain from policyholder behavior assumption changes was primarily due to an update to the utilization assumption on GMWBL contracts, partially offset by an unfavorable result from an update to lapse assumptions. The 2013 result included a loss of \$185.3 million (excluding a gain of \$144.6 million due to changes in the technique used to estimate nonperformance risk) due to annual assumption changes. This \$185.3 million loss included an unfavorable \$117.9 million resulting from changes to mortality assumptions and unfavorable \$85.5 million resulting from policyholder behavior assumption changes primarily related to an update to lapse assumptions.

As discussed above, our recent changes in lapse assumptions moved our assumptions to be in line with lapse experience over the last three years. Also as described above, future reserve increases in connection with experience

updates could be material and adverse to the results of operations or financial condition of the Company.

We will continue to monitor the emergence of experience. If adjustments to policyholder behavior assumptions (e.g., lapse, annuitization and withdrawal) are necessary, which is ordinary course for interest-sensitive long-dated liabilities, we anticipate that the financial impact of such a change (either under U.S. GAAP or due to increases or decreases in gross U.S. statutory reserves) will likely be in a range, either up or down, that is generally consistent with the impact experienced in the past two years.

Other Risks. Despite the closure of new product sales, some new policy amounts continue to be deposited as additional premium to existing contracts. Benefit designs do limit the attractiveness of additional premium, but in some cases these additional premiums may increase the guarantee available to the policyholder. The volume of additional premiums has diminished since we ceased new product sales in 2010.

On June 2, 2014 we entered into an agreement to outsource the actuarial valuation, modeling and hedging functions of our CBVA segment to Milliman, Inc. ("Milliman"). Under this agreement, Milliman performs the calculation of financial reporting and risk metrics, along with the analytics used to determine hedge positions. We will continue to oversee and manage the CBVA segment and retain full accountability for assumptions and methodologies, as well as the setting of the hedge objectives and the execution of hedge positions. This agreement allows us to create a more variable cost structure for the CBVA segment.

Closed Block Other

Closed Block Other includes a GIC and funding agreement spread lending business that is in run-off, as well as continuing obligations and assets connected with the group reinsurance and individual reinsurance businesses we sold between 2004 and 2009.

Prior to 2009, we operated a spread lending business funded by a block of GICs and funding agreements. However, following the financial crisis in 2008, investor appetite for uncollateralized liabilities not rated "AAA" and collateralized funding became constrained causing funding spreads on new liabilities to widen. We shifted the focus of the business strategy from growing assets and earnings to running off the business over time. As of December 31, 2015, remaining assets in the GICs and funding agreements portfolio had an amortized cost of \$1.2 billion, down from a peak of \$14.3 billion in 2008. We continue to reduce the block by allowing the assets and liabilities to mature or by finding opportunities to sell assets at prices deemed attractive. New liability contracts may be issued from time to time or be terminated early in order to better match the run-off of the asset portfolio. As the business is in run-off, it is actively managed to limit liquidity risk and capital requirements.

In addition, we wrote super senior credit default swap ("CDS") contracts of which, as of December 31, 2015, approximately \$1 billion of notional amount remained outstanding.

Effective January 2009, we sold our group reinsurance business, ING Reinsurance U.S., to RGA. The transaction was accounted for as a reinsurance transaction. To effect this sale, we entered into coinsurance agreements with various subsidiaries of RGA. Between 2004 and 2009, we entered into several reinsurance transactions with Scottish Re and Hannover Re pursuant to which we ceded all liabilities related to our individual life reinsurance block. In 2015, we divested of, via reinsurance, an in-force block of retained group reinsurance policies, backed by approximately \$290 million of statutory reserves to a third party reinsurer. For more information on these reinsurance arrangements, see the Reinsurance Note in our Consolidated Financial Statements in Part II, Item 8. in this Annual Report on Form 10-K and in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Reinsurance" below.

Employees

As of December 31, 2015, we had approximately 7,000 employees, with most working in one of our ten major sites in nine states.

REGULATION

Our operations and businesses are subject to a significant number of Federal and state laws, regulations, administrative determinations and similar legal constraints. Such laws and regulations are generally designed to protect our policyholders, contract owners and other customers and not our stockholders or holders of our other securities. Many of the laws and regulations to which we are subject are regularly re-examined and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations. Following is a description of certain legal and regulatory frameworks to which we or our subsidiaries are or may be subject.

We are a holding company for all of our business operations, which we conduct through our subsidiaries. We, as an insurance holding company, are not licensed as an insurer, investment advisor, broker-dealer, or other regulated entity. However, because we own regulated insurers, we are subject to regulation as an insurance holding company.

Insurance Regulation

Our insurance subsidiaries are subject to comprehensive regulation and supervision under U.S. state and federal laws. Each U.S. state, the District of Columbia and U.S. territories and possessions have insurance laws that apply to companies licensed to carry on an insurance business in the jurisdiction. The primary regulator of an insurance company, however, is located in its state of domicile. Each of our insurance subsidiaries is licensed and regulated in each state where it conducts insurance business.

State insurance regulators have broad administrative powers with respect to all aspects of the insurance business including: licensing to transact business, licensing agents, admittance of assets to statutory surplus, regulating premium rates for certain insurance products, approving policy forms, regulating unfair trade and claims practices, establishing reserve requirements and solvency standards, establishing credit for reinsurance requirements, fixing maximum interest rates on life insurance policy loans and minimum accumulation or surrender values and other matters. State insurance laws and regulations include numerous provisions governing the marketplace conduct of insurers, including provisions governing the form and content of disclosures to consumers, product illustrations, advertising, product replacement, suitability, sales and underwriting practices, complaint handling and claims handling. State regulators enforce these provisions through periodic market conduct examinations. State insurance laws and regulations regulating affiliate transactions, the payment of dividends and change of control transactions are discussed in greater detail below.

Our four principal insurance subsidiaries (SLD, VRIAC, VIAC and RLI, and collectively, the "Principal Insurance Subsidiaries") are domiciled in Colorado, Connecticut, Iowa and Minnesota, respectively. Our other U.S. insurance subsidiaries are domiciled in Indiana and New York. Our insurance subsidiaries domiciled in Colorado, Connecticut, Indiana, Iowa, Minnesota and New York are collectively referred to as "our insurance subsidiaries" in this Annual Report on Form 10-K for purposes of discussions of U.S. insurance regulatory matters. In addition, we have special purpose life reinsurance captive insurance company subsidiaries domiciled in Missouri that provide reinsurance to our insurance subsidiaries in order to facilitate the financing of statutory reserve requirements associated with the National Association of Insurance Commissioners ("NAIC") Model Regulation entitled "Valuation of Life Insurance Policies" (commonly known as "Regulation XXX" or "XXX"), or NAIC Actuarial Guideline 38 (commonly known as "AG38" or "AXXX"), and to fund statutory Stable Value reserves in excess of the economic reserve level. Our special purpose life reinsurance captive insurance company subsidiaries domiciled in Missouri are collectively referred to as "captive reinsurance subsidiaries" in this Annual Report on Form 10-K. For more information on our use of captive reinsurance structures, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities and Subsidiary Credit Support Arrangements". We also have a captive reinsurance subsidiary domiciled in Arizona that primarily provides reinsurance to our insurance subsidiaries. Our captive reinsurance subsidiary domiciled in Arizona is referred to as "our Arizona captive" in this Annual Report on Form 10-K.

State insurance laws and regulations require our insurance subsidiaries to file financial statements with state insurance regulators everywhere they are licensed and the operations of our insurance subsidiaries and accounts are subject to examination by those regulators at any time. Our insurance subsidiaries prepare statutory financial statements in accordance with accounting practices and procedures prescribed or permitted by these regulators. The NAIC has approved a series of uniform statutory accounting principles ("SAP") that have been adopted, in some cases with minor modifications, by all state insurance regulators.

As a basis of accounting, SAP was developed to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with assuring an insurer's ability to pay all its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary state. The values for assets, liabilities and equity reflected in financial statements prepared in accordance with U.S. GAAP are usually different from those reflected in financial statements prepared under SAP.

The insurance laws and regulations of the State of Missouri, which govern our captive reinsurance subsidiaries, require such entities to file financial statements with the Missouri Insurance Department, including statutory financial statements. The insurance laws and regulations of the State of Arizona, which govern our Arizona captive, require that entity to file financial statements with the Arizona Department of Insurance ("ADOI") and permit the filing of such financial statements on either a statutory basis or a U.S. GAAP basis. The ADOI has agreed to permit our Arizona captive to prepare its financial statements on a U.S. GAAP basis, modified for certain prescribed practices outlined in

the Arizona insurance statutes. In addition, our Arizona captive obtained approval from the ADOI for certain permitted practices, including taking reinsurance credit for certain ceded reserves where the trust assets backing the liabilities are held by one of our wholly owned insurance companies. Our Arizona captive has recorded a receivable for these assets held in trust by its affiliate.

State insurance regulators conduct periodic financial examinations of the books, records, accounts and business practices of insurers domiciled in their states, generally every three to five years. Financial examinations are generally carried out in cooperation with the insurance regulators of other states under guidelines promulgated by the NAIC. State and federal insurance and securities regulatory authorities and other state law enforcement agencies and attorneys general also from time to time make inquiries and conduct examinations or investigations regarding the compliance by our company, as well as other companies in our industry, with, among other things, insurance laws and securities laws.

Our captive reinsurance subsidiaries and our Arizona captive are subject to periodic financial examinations by their respective domiciliary state insurance regulators.

Captive Reinsurer Regulation

State insurance regulators, the NAIC and other regulatory bodies are also investigating the use of affiliated captive reinsurers and offshore entities to reinsure insurance risks, and the NAIC has made recent advances in captives reform.

In June 2014, the NAIC adopted a new regulatory framework for captives assuming business governed by Regulations XXX or AXXX, called the "Rector Framework". In December 2014, the NAIC adopted Actuarial Guideline 48 ("AG48") which established a new regulatory requirement applicable to XXX and AG38 reserves ceded to reinsurers, including affiliated reinsurers, as the first step in implementing the Rector framework. AG48 limits the type of assets that may be used as collateral to cover the XXX and AG38 statutory reserves and is applied prospectively to existing reinsurance transactions that reinsure policies issued on or after January 1, 2015 and new reinsurance transactions entered into on or after January 1, 2015. The NAIC has charged multiple working groups with the responsibility to prepare regulations that would codify the Rector framework and that work continues at the NAIC. In 2014, the NAIC also considered a proposal to require states to apply NAIC accreditation standards, applicable to traditional insurers, to captive reinsurers. In 2015, the NAIC adopted such a proposal, in the form of a revised preamble to the NAIC accreditation standards (the "Standard"), with an effective date of January 1, 2016 for application of the Standard to captives that assume XXX or AXXX business. Under the Standard, a state will be deemed in compliance as it relates to XXX or AXXX captives if the applicable reinsurance transaction satisfies AG48. In addition, the Standard applies prospectively, so that XXX or AXXX captives will not be subject to the Standard if reinsured policies were issued prior to January 1, 2015 and ceded so that they were part of a reinsurance arrangement as of December 31, 2014. The NAIC left for future action application of the Standard to captives that assume variable annuity business. As drafted, it appears that the Standard would apply to our Arizona captive.

During 2015, the NAIC Financial Conditions (E) Committee (the "E Committee") established the Variable Annuities Issues (E) Working Group ("VAIWG") to oversee the NAIC's effort's to study and address, as appropriate, regulatory issues resulting in variable annuity captive reinsurance transactions. The VAIWG retained Oliver Wyman to study the industry's use of variable annuity captive reinsurance and to develop a set of recommended changes to address the issues involving variable annuity captives. In September 2015, Oliver Wyman issued an initial report, which was adopted by the VAIWG, outlining its preliminary findings and making recommendations for enhancements to the variable annuity statutory framework. In November 2015, upon the recommendation of the VAIWG, the E Committee adopted a Variable Annuities Framework for Change (the "VA Framework for Change") which recommends charges for NAIC working groups to adjust the variable annuity statutory framework applicable to all insurers that have written or are writing variable annuity business. The VA Framework for Change contemplates a holistic set of reforms that would improve the current reserve and capital framework and address root cause issues that result in the use of captive arrangements. Although the VA Framework for Change recommends an effective date of January 1, 2017, the timing of these proposals remains uncertain. In November 2015, the NAIC also approved funding for a quantitative impact study, to be conducted by Oliver Wyman and involving industry participants including the Company, of various reforms outlined in the VA Framework for Change (the "QIS Study").

We cannot predict what revisions, if any, will be made to the Rector framework or the Standard for application to captives that assume XXX or AXXX business, as multiple NAIC working groups undertake their implementation, to the VA Framework for Change proposal as a result of the QIS Study and ongoing NAIC deliberations, or to the Standard, if adopted for variable annuity captives. It is also unclear whether these or other proposals will be adopted by the NAIC, or what additional actions and regulatory changes will result from the continued captives scrutiny and reform efforts by the NAIC and other regulatory bodies. Like many life insurance companies, we utilize captive reinsurers to satisfy certain reserve requirements related to certain of our policies. If state insurance regulators

determine to restrict our use of captive reinsurers, it could require us to increase statutory reserves, incur higher operating or tax costs or reduce sales. See "Item 1A. Risk Factors—Risks Related to Regulation—Our insurance businesses are heavily regulated, and changes in regulation in the United States, enforcement actions and regulatory investigations may reduce profitability".

Insurance Holding Company Regulation

Voya Financial, Inc. and our insurance subsidiaries are subject to the insurance holding companies laws of the states in which such insurance subsidiaries are domiciled. These laws generally require each insurance company directly or indirectly owned by the holding company to register with the insurance regulator in the insurance company's state of domicile and to furnish annually financial and other information about the operations of companies within the holding company system. Generally, all transactions affecting the insurers in the holding company system must be fair and reasonable and, if material, require prior notice and approval

or non-disapproval by the state's insurance regulator. Our captive reinsurance subsidiaries and our Arizona captive are not subject to insurance holding company laws.

Change of Control. State insurance holding company regulations generally provide that no person, corporation or other entity may acquire control of an insurance company, or a controlling interest in any parent company of an insurance company, without the prior approval of such insurance company's domiciliary state insurance regulator. Under the laws of each of the domiciliary states of our insurance subsidiaries, any person acquiring, directly or indirectly, 10% or more of the voting securities of an insurance company is presumed to have acquired "control" of the company. This statutory presumption of control may be rebutted by a showing that control does not exist in fact. The state insurance regulators, however, may find that "control" exists in circumstances in which a person owns or controls less than 10% of voting securities.

To obtain approval of any change in control, the proposed acquirer must file with the applicable insurance regulator an application disclosing, among other information, its background, financial condition, the financial condition of its affiliates, the source and amount of funds by which it will effect the acquisition, the criteria used in determining the nature and amount of consideration to be paid for the acquisition, proposed changes in the management and operations of the insurance company and other related matters.

Any purchaser of shares of common stock representing 10% or more of the voting power of our capital stock will be presumed to have acquired control of our insurance subsidiaries unless, following application by that purchaser in each insurance subsidiary's state of domicile, the relevant insurance commissioner determines otherwise.

The licensing orders governing our captive reinsurance subsidiaries provide that any change of control requires the approval of such company's domiciliary state insurance regulator. For our Arizona captive, a change of control requires the approval of the ADOI. Although our captive reinsurance subsidiaries and our Arizona captive are not subject to insurance holding company laws, their domiciliary state insurance regulators may use all or a part of the holding company law framework described above in determining whether to approve a proposed change of control.

NAIC Amendments. In 2010, the NAIC adopted significant changes to the insurance holding company model act and regulations (the "NAIC Amendments"). The NAIC Amendments include a requirement that an insurance holding company system's ultimate controlling person submit annually to its lead state insurance regulator an "enterprise risk report" that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. The NAIC Amendments also include a provision requiring a controlling person to submit prior notice to its domiciliary insurance regulator of a divestiture of control. Each of the states of domicile for our insurance subsidiaries has adopted its version of the NAIC Amendments.

In addition, the NAIC has proposed a "Solvency Modernization Initiative" which focuses on: (1) capital requirements; (2) corporate governance and risk management; (3) group supervision; (4) statutory accounting and financial reporting; and (5) reinsurance. This initiative has resulted in the adoption by the NAIC in September 2012 of the Risk Management and Own Risk and Solvency Assessment Model Act ("ORSA"), which has been enacted by our insurance subsidiaries' domiciliary states. ORSA requires that insurers maintain a risk management framework and conduct an internal own risk and solvency assessment of the insurer's material risks in normal and stressed environments. The assessment must be documented in a confidential annual summary report, a copy of which must be made available to regulators as required or upon request. Voya Financial prepared and submitted its first ORSA summary report in 2015. This initiative also resulted in the adoption by the NAIC in August 2014 of the Corporate Governance Annual Filing Model Act, which requires insurers to make an annual confidential filing regarding their corporate governance policies. This new model has been enacted by one of our insurance subsidiaries' domiciliary regulator and the first filing must be made in 2016.

Dividend Payment Restrictions. As a holding company with no significant business operations of our own, we will depend on dividends and other distributions from our subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on, and repayment of principal of, our outstanding debt obligations. The states in which our insurance subsidiaries are domiciled impose certain restrictions on such subsidiaries' ability to pay dividends to us. These restrictions are based in part on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior approval. Dividends in larger amounts, or extraordinary dividends, are subject to approval by the insurance commissioner of the state of domicile of the insurance subsidiary proposing to pay the dividend. In addition, under the insurance laws applicable to our insurance subsidiaries domiciled in the states of Connecticut, Iowa and Minnesota, no dividend or other distribution exceeding an amount equal to an insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval (the "positive earned surplus requirement").

Our captive reinsurance subsidiaries may not declare or pay dividends in any form to us other than in accordance with their respective insurance securitization transaction agreements and their respective governing licensing orders. Likewise, our Arizona captive may not declare or pay dividends in any form to us other than in accordance with its annual capital and dividend plan as approved by the ADOI which includes a minimum capital requirement. In addition, in no event may the dividends decrease the capital of the captive below the minimum capital requirement applicable to it, and, after giving effect to the dividends, the assets of the captive paying the dividend must be sufficient to satisfy its domiciliary insurance regulator that it can meet its obligations.

Approval by a captive's domiciliary insurance regulator of an ongoing plan for the payment of dividends or other distribution is conditioned upon the retention, at the time of each payment, of capital or surplus equal to or in excess of amounts specified by, or determined in accordance with formulas approved for the captive by its domiciliary insurance regulator.

In March and April of 2013, in connection with our IPO recapitalization activities, our Principal Insurance Subsidiaries received approvals or notices of non-objection, as the case may be, from their respective domiciliary regulators to make extraordinary distributions to Voya Financial, Inc. or Voya Holdings Inc. (our subsidiary that is also a holding company) in the aggregate amount of \$1,434.0 million. These distributions were paid on May 8, 2013, the day following completion of our IPO.

Prior to our IPO, our Principal Insurance Subsidiaries domiciled in Colorado, Iowa and Minnesota each had negative earned surplus accounts, and therefore did not have capacity to make ordinary dividend payments without regulatory approval. In order to obtain dividends or distributions from these insurance companies, we historically obtained approval from the insurance companies' respective state regulators, which could be granted or withheld at the regulators' discretion, for extraordinary dividends or distributions. On May 8, 2013, in connection with the completion of our IPO and payment of \$1,434.0 million of extraordinary distributions, these insurance companies each were permitted to reset their respective negative unassigned funds account as of December 31, 2012 (as reported in their respective 2012 statutory annual statements) to zero (with an offsetting reduction in gross paid-in capital and contributed surplus). These resets were made pursuant to permitted practices in accordance with statutory accounting practices granted by their respective domiciliary insurance regulators.

This reset allowed our Principal Insurance Subsidiaries domiciled in Colorado, Iowa and Minnesota to more readily build up ordinary dividend capacity to the extent their operating results subsequent to December 31, 2012 generated positive earned surplus. Based on legislative amendments adopted by the Colorado legislature in 2014, from and after July 1, 2014, our insurance subsidiary domiciled in Colorado is no longer subject to the positive earned surplus requirement, although it did generate sufficient positive earned surplus to pay an ordinary dividend in 2014. Under applicable domiciliary insurance regulations, our Principal Insurance Subsidiaries must deduct any distributions or dividends paid in the preceding twelve months in calculating dividend capacity.

Our Principal Insurance Subsidiaries domiciled in Iowa and Minnesota had sufficient positive earned surplus to pay ordinary dividends in 2014 and 2015. VRIAC had ordinary dividend capacity in December 2013 and also in 2014 and 2015. In 2015, our Principal Insurance Subsidiaries domiciled in Colorado, Iowa and Minnesota generated capital in excess of our target combined RBC ratio of 425% and our individual insurance company ordinary dividend limits, and they sought and received domiciliary insurance regulatory approval for, and paid, extraordinary distributions in the aggregate amount of \$508.0 million. Our Principal Insurance Subsidiaries domiciled in Colorado, Connecticut and Iowa each have ordinary dividend capacity for 2016. However, as a result of the extraordinary dividend it paid in 2015, our Principal Insurance Subsidiary domiciled in Minnesota currently has negative earned surplus and therefore does not have capacity at this time to make ordinary dividend payments to Voya Holdings without domiciliary insurance regulatory approval which can be granted or withheld in the discretion of the regulator.

If any of our Principal Insurance Subsidiaries do not succeed in building up sufficient positive earned surplus to have ordinary dividend capacity in future years, such subsidiary would be unable to pay dividends or distributions to our holding companies absent prior approval of our domiciliary insurance regulators, which can be granted or withheld in the discretion of the regulator. In addition, if our Principal Insurance Subsidiaries generate capital in excess of our target combined estimated RBC ratio of 425% and our individual insurance company ordinary dividend limits in future years, then we may also seek extraordinary dividends or distributions. There can be no assurance that our Principal Insurance Subsidiaries will receive approval for extraordinary distribution payments in the future.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Restrictions on Dividends and Returns of Capital from Subsidiaries" for a discussion of dividends and distributions from our insurance subsidiaries.

Financial Regulation

Policy and Contract Reserve Sufficiency Analysis. Under the laws and regulations of their states of domicile, our insurance subsidiaries are required to conduct annual analyses of the sufficiency of their life and annuity statutory reserves. Other jurisdictions in which these subsidiaries are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, are sufficient to meet the insurer's contractual obligations and related expenses. If such an opinion cannot be rendered, the affected insurer must set up additional statutory reserves by moving funds from available statutory surplus. Our insurance subsidiaries submit these opinions annually to applicable insurance regulatory authorities.

Recent actions by the NAIC. The NAIC has begun a process of redefining the reserve methodology for certain of our insurance liabilities under a framework known as Principles-Based Reserving ("PBR"). Under PBR, an insurer's reserves are still required to be conservative, since a primary focus of SAP is the protection of policyholders, however, greater credence is given to the insurer's realized past experience and anticipated future experience as well as to current economic conditions. An important part of the PBR framework was the adoption of AG43 as of December 31, 2009 for variable annuity guaranteed benefits. Another significant development was the adoption of the new Valuation Manual ("VM"), which defines PBR for life insurance policies. The full NAIC membership adopted the new VM in December 2012. The model law that enables the new VM will become effective on the January 1st after it has been adopted by at least 42 of the 55 jurisdictions that make up the NAIC, with the further provision that the 42 adopting jurisdictions must also account for 75% of the premium by U.S. life insurance companies (measured as of 2008). The new VM is expected to become effective no earlier than January 1, 2017, and we anticipate that its provisions will require us to make changes to certain of our term and universal life insurance policies, in particular, those policies with guaranteed features and may result in more volatility in our financial results given the greater weight it places on current economic conditions.

Surplus and Capital Requirements. Insurance regulators have the discretionary authority, in connection with the ongoing licensing of our insurance subsidiaries, to limit or prohibit the ability of an insurer to issue new policies if, in the regulators' judgment, the insurer is not maintaining a minimum amount of surplus or is in hazardous financial condition. Insurance regulators may also limit the ability of an insurer to issue new life insurance policies and annuity contracts above an amount based upon the face amount and premiums of policies of a similar type issued in the prior year. We do not currently believe that the current or anticipated levels of statutory surplus of our insurance subsidiaries present a material risk that any such regulator would limit the amount of new policies that our Principal Insurance Subsidiaries may issue.

Risk-Based Capital. The NAIC has adopted RBC requirements for life, health and property and casualty insurance companies. The requirements provide a method for analyzing the minimum amount of adjusted capital (statutory capital and surplus plus other adjustments) appropriate for an insurance company to support its overall business operations, taking into account the risk characteristics of the company's assets, liabilities and certain off-balance sheet items. State insurance regulators use the RBC requirements as an early warning tool to identify possibly inadequately capitalized insurers. An insurance company found to have insufficient statutory capital based on its RBC ratio may be subject to varying levels of additional regulatory oversight depending on the level of capital inadequacy. As of December 31, 2015, the RBC of each of our insurance subsidiaries exceeded statutory minimum RBC levels that would require any regulatory or corrective action.

The NAIC is currently working with the American Academy of Actuaries as they consider possible updates to the asset factors that are used to calculate the RBC requirements for investment portfolio assets. The NAIC review may lead to an expansion in the number of NAIC asset class categories for factor-based RBC requirements and the adoption of new factors, which could increase capital requirements on some securities and decrease capital requirements on others. We cannot predict what, if any, changes may result from this review or their potential impact

on the RBC ratios of our insurance subsidiaries that are subject to RBC requirements. We will continue to monitor developments in this area.

IRIS Tests. The NAIC has developed a set of financial relationships or tests known as the Insurance Regulatory Information System ("IRIS") to assist state regulators in monitoring the financial condition of U.S. insurance companies and identifying companies requiring special attention or action. For IRIS ratio purposes, our Principal Insurance Subsidiaries submit data to the NAIC on an annual basis. The NAIC analyzes this data using prescribed financial data ratios. A ratio falling outside the prescribed "usual range" is not considered a failing result. Rather, unusual values are viewed as part of the regulatory early monitoring system. In many cases, it is not unusual for financially sound companies to have one or more ratios that fall outside the usual range.

Regulators typically investigate or monitor an insurance company if its IRIS ratios fall outside the prescribed usual range for four or more of the ratios, but each state has the right to inquire about any ratios falling outside the usual range. The inquiries made by state insurance regulators into an insurance company's IRIS ratios can take various forms.

Management does not anticipate regulatory action as a result of the 2015 IRIS ratio results. In all instances in prior years, regulators have been satisfied upon follow-up that no regulatory action was required. It is possible that similar results may not occur in the future.

Insurance Guaranty Associations. Each state has insurance guaranty association laws that require insurance companies doing business in the state to participate in various types of guaranty associations or other similar arrangements. The laws are designed to protect policyholders from losses under insurance policies issued by insurance companies that become impaired or insolvent. Typically, these associations levy assessments, up to prescribed limits, on member insurers on the basis of the member insurer's proportionate share of the business in the relevant jurisdiction in the lines of business in which the impaired or insolvent insurer is engaged. Some jurisdictions permit member insurers to recover assessments that they paid through full or partial premium tax offsets, usually over a period of years.

Marketing and Sales

State insurance regulators are becoming more active in adopting and enforcing suitability standards with respect to sales of fixed, indexed and variable annuities. In particular, the NAIC has adopted a revised Suitability in Annuity Transactions Model Regulation ("SAT"), which will, if enacted by the states, place new responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Several states have already enacted laws based on the SAT.

Securities Regulation Affecting Insurance Operations

Certain of our insurance subsidiaries sell variable life insurance and variable annuities that are registered with and regulated by the SEC as securities under the Securities Act of 1933, as amended (the "Securities Act"). These products are issued through separate accounts that are registered as investment companies under the Investment Company Act, and are regulated by state law. Each separate account is generally divided into sub-accounts, each of which invests in an underlying mutual fund which is itself a registered investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Our mutual funds, and in certain states, our variable life insurance and variable annuity products, are subject to filing and other requirements under state securities laws. Federal and state securities laws and regulations are primarily intended to protect investors and generally grant broad rulemaking and enforcement powers to regulatory agencies.

Federal Initiatives Affecting Insurance Operations

The U.S. federal government generally does not directly regulate the insurance business. However, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") established the Federal Stability Oversight Council ("FSOC"), which is authorized to designate non-bank financial companies as systemically significant and accordingly subject such companies to regulation and supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve") if the FSOC determines that material financial distress at the company or the scope of the company's activities could pose a threat to the financial stability of the U.S. See "—Financial Reform Legislation and Initiatives—Dodd-Frank Wall Street Reform and Consumer Protection Act" below.

The Dodd-Frank Act also established FIO within the United States Department of the Treasury ("Treasury Department"). While not having a general supervisory or regulatory authority over the business of insurance, the director of this office performs various functions with respect to insurance, including serving as a non-voting member of the FSOC, making recommendations to the FSOC regarding insurers to be designated for more stringent regulation as a non-bank financial entity supervised by the Federal Reserve and representing the U.S. in the negotiation of international insurance agreements with foreign insurance regulators. The Dodd-Frank Act also required the director of FIO to conduct a study on how to modernize and improve the system of insurance regulation in the United States.

The director issued that report in December 2013, recommending increased federal involvement in certain areas of insurance regulation to improve uniformity, and setting out recommendations in areas of near-term reform for the states, including capital and marketplace oversight. The report also recommended that states develop a uniform and transparent solvency oversight regime for the transfer of risk to reinsurance captives, and adopt a uniform capital requirement for reinsurance captives, including a prohibition on transactions that do not constitute legitimate risk transfer. FIO has an ongoing charge to monitor all aspects of the insurance industry and will monitor state regulatory developments, including those called for in its modernization report and present options for federal involvement if deemed necessary.

Federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include federal health care regulation, pension regulation, financial services regulation, federal tax laws relating to life

insurance companies and their products and the USA PATRIOT Act of 2001 (the "Patriot Act") requiring, among other things, the establishment of anti-money laundering monitoring programs.

In this regard, from time to time, federal measures are proposed which may significantly affect the insurance business, including measures that would limit antitrust immunity, change the tax treatment of insurance products relative to other financial products, simplify tax-advantaged or tax-exempt savings and retirement vehicles, restructure the corporate income tax provisions, or modify or eliminate the estate tax as well as proposals related to an optional federal charter for insurance companies. In addition, various forms of direct federal regulation of insurance have been proposed in recent years.

Regulation of Investment and Retirement Products and Services

Our investment, asset management and retirement products and services are subject to federal and state tax, securities, fiduciary (including the Employment Retirement Income Security Act ("ERISA")), insurance and other laws and regulations. The SEC, the Financial Industry Regulatory Authority ("FINRA"), the U.S. Commodities Futures Trading Commission ("CFTC"), state securities commissions, state banking and insurance departments and the Department of Labor ("DOL") and the Treasury Department are the principal regulators that regulate these products and services. The Dodd-Frank Act may also impact our investment, asset management, retirement and securities operations. See "[Financial Reform Legislation and Initiatives—Dodd-Frank Wall Street Reform and Consumer Protection Act](#)" below.

Federal and state securities laws and regulations are primarily intended to protect investors in the securities markets and generally grant regulatory agencies broad enforcement and rulemaking powers, including the power to limit or restrict the conduct of business in the event of non-compliance with such laws and regulations. Federal and state securities regulatory authorities and FINRA from time to time make inquiries and conduct examinations regarding compliance by us and our subsidiaries with securities and other laws and regulations.

Securities Regulation with Respect to Certain Insurance and Investment Products and Services

Our variable life insurance, variable annuity and mutual fund products are generally "securities" within the meaning of, and registered under, the federal securities laws, and are subject to regulation by the SEC and FINRA. Our mutual funds, and in certain states our variable life insurance and variable annuity products, are also "securities" within the meaning of state securities laws. As securities, these products are subject to filing and certain other requirements. Sales activities with respect to these products are generally subject to state securities regulation, which may affect investment advice, sales and related activities for these products.

Some of our subsidiaries issue certain fixed and indexed annuities supported by the company's general account and/or variable annuity contracts and variable life insurance policies through the company's separate accounts. These subsidiaries and their activities in offering and selling variable insurance and annuity products are subject to extensive regulation under the federal securities laws administered by the SEC. Some of our separate accounts, as well as mutual funds that we sponsor, are registered as investment companies under the Investment Company Act, and the units or shares, as applicable, of certain of these investment companies are qualified for sale in some or all states, the District of Columbia and Puerto Rico. Each registered separate account is generally divided into sub-accounts, each of which invests in an underlying mutual fund, which is itself a registered investment company under the Investment Company Act. In addition, the variable annuity contracts and variable life insurance policies issued by the separate accounts and certain fixed and indexed annuities supported by some of our insurance subsidiaries' general accounts, as well as mutual funds we sponsor, are registered with the SEC under the Securities Act. Certain variable contract separate accounts sponsored by our insurance subsidiaries are exempt from registration, but may be subject to other provisions of the federal securities laws.

Broker-Dealers and Investment Advisers

Our securities operations, principally conducted by a number of SEC-registered broker-dealers, are subject to federal and state securities, commodities and related laws, and are regulated principally by the SEC, the CFTC, state securities authorities, FINRA, the Municipal Securities Rulemaking Board and similar authorities. Agents and employees registered or associated with any of our broker-dealer subsidiaries are subject to the Securities Exchange Act of 1934, as amended (the "Exchange Act") and to regulation and examination by the SEC, FINRA and state securities commissioners. The SEC and other governmental agencies and self-regulatory organizations, as well as state securities commissions in the United States, have the power to conduct administrative proceedings that can result in censure, fines, cease-and-desist orders or suspension, termination or limitation of the activities of the regulated entity or its employees.

Broker-dealers are subject to regulations that cover many aspects of the securities business, including, among other things, sales methods and trading practices, the suitability of investments for individual customers, the use and safekeeping of customers' funds and securities, capital adequacy, recordkeeping, financial reporting and the conduct of directors, officers and employees. The federal securities laws may also require, upon a change in control, re-approval by shareholders in registered investment companies of the investment advisory contracts governing management of those investment companies, including mutual funds included in annuity products. Investment advisory clients may also need to approve, or consent to, investment advisory agreements upon a change in control. In addition, broker-dealers are required to make certain monthly and annual filings with FINRA, including monthly FOCUS reports (which include, among other things, financial results and net capital calculations) and annual audited financial statements prepared in accordance with U.S. GAAP.

Pursuant to the Dodd-Frank Act, the SEC is authorized to establish a standard of conduct applicable to brokers and dealers whereby they would be required to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer when providing personalized investment advice to retail and other customers. A January 2011 SEC study acknowledges that the offering of proprietary products would not be a per se violation of any such standard of care and that broker-dealers selling proprietary or a limited range of products could be permitted to make certain disclosures about their limited product offerings and obtain customer consents or acknowledgments. The SEC has not yet decided whether to propose rules creating a uniform standard of conduct applicable to broker-dealers and investment advisors.

As registered broker-dealers and members of various self-regulatory organizations, our registered broker-dealer subsidiaries are subject to the SEC's Uniform Net Capital Rule, which specifies the minimum level of net capital a broker-dealer is required to maintain and requires a minimum part of its assets to be kept in relatively liquid form. These net capital requirements are designed to measure the financial soundness and liquidity of broker-dealers. The uniform net capital rule imposes certain requirements that may have the effect of preventing a broker-dealer from distributing or withdrawing capital and may require that prior notice to the regulators be provided prior to making capital withdrawals. Certain of our broker-dealers are also subject to the net capital requirements of the CFTC and the various securities and commodities exchanges of which they are members. Compliance with net capital requirements could limit operations that require the intensive use of capital, such as trading activities and underwriting, and may limit the ability of our broker-dealer subsidiaries to pay dividends to us.

Some of our subsidiaries are registered as investment advisers under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") and provide advice to registered investment companies, including mutual funds used in our annuity products, as well as an array of other institutional and retail clients. The Investment Advisers Act and Investment Company Act may require that fund shareholders be asked to approve new investment advisory contracts with respect to those registered investment companies upon a change in control of a fund's adviser. Likewise, the Investment Advisers Act may require that other clients consent to the continuance of the advisory contract upon a change in control of the adviser. Further, proposals have been made that the SEC establish a self-regulatory organization with respect to registered investment advisers, which could increase the level of regulatory oversight over such investment advisers.

The commodity futures and commodity options industry in the United States is subject to regulation under the Commodity Exchange Act of 1936, as amended (the "Commodity Exchange Act"). The CFTC is charged with the administration of the Commodity Exchange Act and the regulations adopted under that Act. Some of our subsidiaries are registered with the CFTC as commodity pool operators and commodity trading advisors. Our futures business is also regulated by the National Futures Association.

Employee Retirement Income Security Act Considerations

ERISA is a comprehensive federal statute that applies to U.S. employee benefit plans sponsored by private employers and labor unions. Plans subject to ERISA include pension and profit sharing plans and welfare plans, including health, life and disability plans. Among other things, ERISA imposes reporting and disclosure obligations, prescribes standards of conduct that apply to plan fiduciaries and prohibits transactions known as "prohibited transactions," such as conflict-of-interest transactions, self-dealing and certain transactions between a benefit plan and a party in interest. ERISA also provides for a scheme of civil and criminal penalties and enforcement. Our insurance, investment management and retirement businesses provide services to employee benefit plans subject to ERISA, including limited services under specific contract where we may act as an ERISA fiduciary. We are also subject to ERISA's prohibited transaction rules for transactions with ERISA plans, which may affect our ability to, or the terms upon which we may, enter into transactions with those plans, even in businesses unrelated to those giving rise to party in interest status. The applicable provisions of ERISA and the Internal Revenue Code are subject to enforcement by the DOL, the U.S. Internal Revenue Service ("IRS") and the U.S. Pension Benefit Guaranty Corporation ("PBGC").

In April 2015, the DOL published a proposed rule that would broaden the definition of "fiduciary" under ERISA and for other purposes. The proposal was subject to public comment and we submitted a comment letter to the DOL on July 16, 2015, expressing

our views on the proposed rule and participated in a DOL hearing concerning the proposal on August 11, 2015. The DOL's final version of the proposed rule is currently under review by the President's Office of Management and Budget. We currently expect a final rule to be published during the first half of 2016.

As proposed, the rule would expand the circumstances under which providers of investment advice to small plan sponsors, plan participants and beneficiaries, and IRA investors are deemed to act in a fiduciary capacity. The rule would require such providers to act in their clients' "best interests", not influenced by any conflicts of interest, including due to the direct or indirect receipt of compensation. The DOL concurrently proposed a "best interest contract exemption" intended to enable continuation of certain existing industry practices relating to receipt of commissions and other compensation, but the exemption includes conditions and requirements that may make it costly or difficult to rely upon in practice. Although the final outcome of the DOL rulemaking remains uncertain, the proposed rule, if adopted in its current form, would substantially change the legal framework within which we deliver ERISA plan distribution support and investment education, conduct rollover discussions with plan participants and beneficiaries, and provide investment advice to IRA owners. While these changes, as proposed, would restrict certain advisory practices and compensation arrangements that are common in our industry, we believe our experience providing retirement and investment products and services in a fiduciary environment positions us well to remain competitive as the industry adjusts to any final rulemaking from the DOL.

The SEC also has indicated that it may propose rules creating a uniform standard of conduct applicable to broker-dealers and investment advisers, which, if adopted may affect the distribution of our products. Should the SEC rules, if adopted, not align with any finalized DOL regulations related to conflicts of interest in the provision of investment advice, the distribution of our products could be further complicated.

The DOL has also issued a number of regulations recently, and may issue similar additional regulations, that increase the level of disclosure that must be provided to plan sponsors and participants. These ERISA disclosure requirements will likely increase the regulatory and compliance burden on us, resulting in increased costs.

In November 2015, the DOL published a proposed rule that would exempt certain state-sponsored IRA savings plans from ERISA. This rule, if enacted, would enable the growth of state sponsored IRA savings plans for the currently underserved small-employer market, where there has been limited adoption of workplace retirement savings plans. We do not believe this rule would have a material impact on our business, as the state-sponsored plans would be aimed at workers who do not currently participate in any workplace retirement plan. On January 19, 2016, we submitted a comment letter to the DOL in which we urged the DOL to withdraw this proposed rule entirely, and instead make it easier for small employers to make traditional 401(k) plans available to their workers - an approach that we believe would more effectively address the currently underserved market.

Trust Activities Regulation

Voya Institutional Trust Company ("VITC"), our wholly owned subsidiary, was formed in 2014 as a trust bank chartered by the Connecticut Department of Banking and is subject to regulation, supervision and examination by the Connecticut Department of Banking. VITC is not permitted to, and does not, accept deposits (other than incidental to its trust and custodial activities). VITC's activities are primarily to serve as trustee or custodian for retirement plans or IRAs.

Voya Investment Trust Co., our wholly owned subsidiary, is a limited purpose trust company chartered with the Connecticut Department of Banking. Voya Investment Trust Co. is not permitted to, and does not, accept deposits (other than incidental to its trust activities). Voya Investment Trust Co.'s activities are primarily to serve as trustee for and manage various collective and common trust funds. Voya Investment Trust Co. is subject to regulation, supervision and examination by the Connecticut Banking Commissioner and is subject to state fiduciary duty laws. In addition, the collective trust funds managed by Voya Investment Trust Co. are generally subject to ERISA.

Financial Reform Legislation and Initiatives

Dodd-Frank Wall Street Reform and Consumer Protection Act

On July 21, 2010, President Obama signed into law the Dodd-Frank Act, which effects comprehensive changes to the regulation of financial services in the United States. The Dodd-Frank Act directs existing and newly-created government agencies and bodies to perform studies and promulgate a multitude of regulations implementing the law, a process that is underway and is expected to continue over the next few years. While some studies have already been completed and the rule-making process is well underway, there continues to be significant uncertainty regarding the results of ongoing studies and the ultimate requirements of those

regulations that have not yet been adopted. We cannot predict with certainty how the Dodd-Frank Act and such regulations will affect the financial markets generally, or impact our business, ratings, results of operations, cash flows or financial condition.

The Dodd-Frank Act created a new agency, the FSOC, which is authorized to subject non-bank financial companies to the supervision of the Federal Reserve if the FSOC determines that, among other matters, material financial distress at the company or the scope of the company's activities could pose risks to the financial stability of the United States. If we were designated by the FSOC as a systemically significant non-bank financial company subject to supervision by the Federal Reserve, we would become subject to a comprehensive system of prudential regulation, including minimum capital requirements, liquidity standards, credit exposure requirements, overall risk management requirements, management interlock prohibitions, a requirement to maintain a plan for rapid and orderly dissolution in the event of severe financial distress, stress testing, and additional fees and assessments and restrictions on proprietary trading and certain investments. The exact scope and consequences of these standards and requirements are subject to ongoing rulemaking activity by various federal banking regulators and therefore are currently unclear. However, this comprehensive system of prudential regulation, if applied to the Company, would significantly impact the manner in which we operate and could materially and adversely impact the profitability of one or more of our business lines or the level of capital required to support our activities. In designating non-bank financial companies for heightened prudential regulation by the Federal Reserve, the FSOC considers, among other matters, their scope, size, and potential impact of their activities on the financial stability of the United States.

In addition, the Dodd-Frank Act contains numerous other provisions, some of which may have an impact on us. These include:

The FSOC may recommend that state insurance regulators or other regulators apply new or heightened standards and safeguards for activities or practices we and other insurers or other financial services companies engage in if the FSOC determines that those activities or practices could create or increase the risk that significant liquidity, credit or other problems spread among financial companies. We cannot predict whether any such recommendations will be made or their effect on our business, results of operations, cash flows or financial condition.

The Dodd-Frank Act creates a new framework for regulating over-the-counter ("OTC") derivatives, which may increase the costs of hedging and other permitted derivatives trading activity undertaken by us. Under the new regulatory regime and subject to certain exceptions, certain standardized OTC interest rate and credit derivatives must now be cleared through a centralized clearinghouse and executed on a centralized exchange or execution facility, and the CFTC and the SEC may designate additional types of OTC derivatives for mandatory clearing and trade execution requirements in the future. In addition to mandatory central clearing and trade execution of certain OTC derivatives, market participants like us are or will be (directly or indirectly) subject to regulatory requirements which may include reporting and recordkeeping, and capital and margin requirements. The transition to central clearing and the new regulatory regime governing OTC derivatives (especially margin requirements for non-cleared derivatives) presents potentially significant business, liquidity and operational risk for us which could materially and adversely impact both the cost and our ability to effectively hedge various risks, including equity, interest rate, currency and duration risks within many of our insurance and annuity products and investment portfolios. In addition, inconsistencies between the Dodd-Frank Act regime and parallel regimes in other jurisdictions, such as the EU, may increase costs of hedging or inhibit our ability to access market liquidity in those other jurisdictions.

The CFTC and SEC jointly adopted final rules, which exempt various products regulated as insurance from the definition of "swap" and "security-based swap". However, the exemption does not extend to certain stable value products issued by insurance companies, which the SEC and CFTC are required to further study to determine whether such products should be regulated as swaps or security-based swaps. Pending such determination, stable value products are not subject to the swap provisions of this legislation. However, until further action by the SEC and CFTC, there is uncertainty whether certain stable value products offered by our insurance subsidiaries will be

regulated under the Dodd-Frank Act as swaps or security-based swaps, which could adversely affect the profitability or marketability of such products.

The Dodd-Frank Act established FIO within the Treasury Department to be headed by a director appointed by the Secretary of the Treasury. See "Insurance Regulation—Federal Initiatives Affecting Insurance Operations" above.

- The Dodd-Frank Act includes various securities law reforms that may affect our business practices and the liabilities and/or exposures associated therewith. See "Broker-Dealers and Investment Advisers" above.

Until final regulations are promulgated pursuant to the Dodd-Frank Act, the full impact of the Dodd-Frank Act on our businesses, products, results of operation and financial condition will remain unclear.

Other Laws and Regulations

USA Patriot Act

The Patriot Act contains anti-money laundering and financial transparency laws applicable to broker-dealers and other financial services companies, including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. Anti-money laundering laws outside of the United States contain provisions that may be different, conflicting or more rigorous. Internal practices, procedures and controls are required to meet the increased obligations of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies and share information with other financial institutions.

We are also required to follow certain economic and trade sanctions programs administered by the Office of Foreign Asset Control that prohibit or restrict transactions with suspected countries, their governments and, in certain circumstances, their nationals. We are also subject to regulations governing bribery and other anti-corruption measures.

Privacy Laws and Regulation

U.S. federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of personal information and to notify consumers about their policies and practices relating to their collection and disclosure of consumer information and the protection of the security and confidentiality of that information. The disclosure and security of protected health information is also governed by federal and state laws. In particular, regulations promulgated by the U.S. Department of Health and Human Services regulate the disclosure and use of protected health information by health insurers and others (including life insurers), the physical and procedural safeguards employed to protect the security of that information and the electronic transmission of such information. Federal and state laws require notice to affected individuals, law enforcement, regulators and others if there is a breach of the security of certain personal information, including social security numbers, and require holders of certain personal information to protect the security of the data. Federal regulations require financial institutions to implement effective programs to detect, prevent and mitigate identity theft. Federal and state laws and regulations regulate the ability of financial institutions to make telemarketing calls and to send unsolicited e-mail or fax messages to consumers and customers. Federal laws and regulations also regulate the permissible uses of certain types of personal information, including consumer report information. Federal and state governments and regulatory bodies may consider additional or more detailed regulation regarding these subjects.

Environmental Considerations

Our ownership and operation of real property and properties within our commercial mortgage loan portfolio is subject to federal, state and local environmental laws and regulations. Risks of hidden environmental liabilities and the costs of any required clean-up are inherent in owning and operating real property. Under the laws of certain states, contamination of a property may give rise to a lien on the property to secure recovery of the costs of clean-up, which could adversely affect the valuation of, and increase the liabilities associated with, the commercial mortgage loans we hold. In several states, this lien has priority over the lien of an existing mortgage against such property. In addition, we may be liable, in certain circumstances, as an "owner" or "operator," for costs of cleaning-up releases or threatened releases of hazardous substances at a property mortgaged to us under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 and the laws of certain states. Application of various other federal and state environmental laws could also result in the imposition of liability on us for costs associated with environmental hazards.

We routinely conduct environmental assessments prior to closing any new commercial mortgage loans or to taking title to real estate. Although unexpected environmental liabilities can always arise, we seek to minimize this risk by undertaking these environmental assessments and complying with our internal environmental policies and procedures.

Health Care Reform Legislation

In March 2010, the President signed into law the Patient Protection and Affordable Care Act, which was subsequently amended by the Health Care and Education Reconciliation Act of 2010 (together, the "Health Care Act").

There is significant uncertainty surrounding the impact of the Health Care Act on insurers which may create risks to products we offer, including Stop Loss Insurance sold to employers offering self-insured health plans. In addition, should the Treasury

Department issue guidance concluding that insurers offering Stop Loss Insurance are considered health care providers, we may face adverse tax or other financial consequences.

U.S. Supreme Court Decision regarding Same-Sex Marriage

On June 26, 2015, the United States Supreme Court held in *Obergefell v. Hodges* that same-sex couples have a constitutional right to marry, and accordingly, marriages between same-sex couples may now be celebrated, and will now be recognized, in all 50 states. We expect this decision to result in changes to the administration of retirement and other benefit plans in various U.S. states, although we cannot predict with certainty how these changes will affect our business. In particular, it is possible that changes to our tax reporting and withholding systems will be required in order to comply with applicable state tax regulations.

AVAILABLE INFORMATION

We file periodic and current reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be obtained through the SEC's website (www.sec.gov) or by visiting the Public Reference Room of the SEC at 100 F Street, N.E., Washington D.C. 20549 or calling the SEC at 1-800-SEC-0330.

You may also access our press releases, financial information and reports filed with the SEC (for example, our Annual Report on Form 10-K, our Proxy Statement, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those Forms) online at investors.voya.com. Copies of any documents on our website are available without charge, and reports filed with or furnished to the SEC will be available as soon as reasonably practicable after they are filed with or furnished to the SEC. The information found on our website is not part of this or any other report filed with or furnished to the SEC.

Item 1A. Risk Factors

We face a variety of risks that are substantial and inherent in our business, including market, liquidity, credit, operational, legal, regulatory and reputational risks. The following are some of the more important factors that could affect our business.

Risks Related to Our Business—General

Continued difficult conditions in the global capital markets and the economy generally have affected and may continue to affect our business and results of operations.

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Slowing growth rates globally and the uncertain consequences of changing monetary policies among the world's large central banks could create economic disruption, decrease asset prices, increase market volatility and potentially affect the availability and cost of credit.

Although we carry out business almost exclusively in the United States, we are affected by both domestic and international macroeconomic developments. In the short and medium term, the U.S. market faces difficulties that include persistent weakness in economic growth, volatility in asset prices and questions surrounding the program announced by the Federal Open Market Committee ("FOMC") of the Federal Reserve to gradually tighten monetary policy. In the longer term, concerns persist around the long-term sustainability of the nation's debt profile, especially given expectations regarding future entitlement spending and persistent budget deficits, the effect on the financial system of the significant regulatory changes enacted in the aftermath of the 2008-09 financial crisis, and the consequences of increasing Federal legislative gridlock, in particular on tax and fiscal policy.

Internationally, slowing levels of growth in developing markets, in particular in China, could have significant adverse consequences for the level of global economic activity, and on commodity and other asset markets. In turn, falling commodity and energy prices can give rise to significant dislocations in global credit and currency markets, as the consequences of lower prices, revenues and asset prices are felt by borrowers and exporters, and in turn creditors and investors. In addition, the Chinese market faces concerns surrounding the stability of its credit, equity and real estate markets, and any crisis in these markets could have global consequences.

In Europe, although acute concerns regarding the economic and fiscal viability of countries such as Greece have to some extent abated, long-term structural headwinds remain in the Eurozone's move towards a closer currency, fiscal, economic and monetary union, and significant concerns persist regarding the sovereign debt of Greece and certain other Eurozone countries. In recent times, political events have increasingly threatened the cohesiveness of the European Union, and may ultimately result in the cessation or rollback of the political and economic integration of Europe that has occurred over the past several decades. In particular, the United Kingdom is expected to hold a referendum by 2017 on its future role within Europe, the outcome of which

could have substantial adverse consequences for the U.K. and European economies. The financial and political turmoil in Europe continues to be a long-term threat to global capital markets and remains a challenge to global financial stability. If countries, such as Greece, require additional financial support or if their sovereign credit ratings decline further, yields on such sovereign debt may increase, the cost of borrowing may increase and the availability of credit may become more limited. Additionally, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains elevated. In the event of any default or similar event with respect to a sovereign issuer, some financial institutions may suffer significant losses for which they would require additional capital, which may not be available.

In 2015, the FOMC began to tighten U.S. monetary policy as it seeks to gradually reverse programs and policies that have, in recent years, fostered a historically low interest rate environment. The effect of this effort, and the novel mechanism through which the FOMC is implementing it, remains uncertain, and could include increased volatility in debt, equity, currency and commodity markets. As the FOMC moves towards normalizing monetary policy and moving short-term interest rates off of their lower bound, the central bank may adversely affect prospects for continued economic recovery with little headroom for incremental monetary accommodation. Any increase in interest rates resulting from the FOMC's monetary policy would generally result in declining values for fixed income investments, including those we hold in our investment portfolio. A failure to successfully implement a tightening policy, on the other hand, could lead to a continued persistence of low interest rates and an associated adverse effect on certain of our long-dated liabilities and the reserves we are required to hold against them. Our results of operations, investment portfolio and AUM are exposed to these risks and may be adversely affected as a result.

More generally, the international system has in recent years faced heightened geopolitical risk, most notably in Eastern Europe and the Middle East, but also in Africa and Southeast Asia, and events in any one of these regions could give rise to an increase in market volatility or a decrease in global economic output.

Even in the absence of a market downturn, our insurance, annuity, retirement and investment products, as well as our investment returns and our access to and cost of financing, are sensitive to equity, fixed income, real estate and other market fluctuations and general economic and political conditions. These fluctuations and conditions could materially and adversely affect our results of operations, financial condition and liquidity, including in the following respects:

We provide a number of insurance, annuity, retirement and investment products that expose us to risks associated with fluctuations in interest rates, market indices, securities prices, default rates, the value of real estate assets, currency exchange rates and credit spreads. The profitability of many of our insurance, annuity, retirement and investment products depends in part on the value of the general accounts and separate accounts supporting them, which may fluctuate substantially depending on the foregoing conditions.

Volatility or downturns in the equity markets can cause a reduction in fee income we earn from managing investment portfolios for third parties and fee income on certain annuity, retirement and investment products. Because these products and services generate fees related primarily to the value of AUM, a decline in the equity markets could reduce our revenues because of the reduction in the value of the investments we manage.

A change in market conditions, including prolonged periods of high or low inflation or interest rates, could cause a change in consumer sentiment and adversely affect sales and could cause the actual persistency of these products to vary from their anticipated persistency (the probability that a product will remain in force from one period to the next) and adversely affect profitability. Changing economic conditions or adverse public perception of financial institutions can influence customer behavior, which can result in, among other things, an increase or decrease in claims, lapses, withdrawals, deposits or surrenders in certain products, any of which could adversely affect profitability.

An equity market decline, decreases in prevailing interest rates, or a prolonged period of low interest rates could result in the value of guaranteed minimum benefits contained in certain of our life insurance, annuity and retirement

products being higher than current account values or higher than anticipated in our pricing assumptions, requiring us to materially increase reserves for such products, and may result in a decrease in customer lapses, thereby increasing the cost to us. In addition, such a scenario could lead to increased amortization and/or unfavorable unlocking of DAC and value of business acquired ("VOBA").

Reductions in employment levels of our existing employer customers may result in a reduction in underlying employee participation levels, contributions, deposits and premium income for certain of our retirement products. Participants within the retirement plans for which we provide certain services may elect to make withdrawals from these plans, or reduce or stop their payroll deferrals to these plans, which would reduce assets under management or administration and our revenues.

We have significant investment and derivative portfolios that include, among other investments, corporate securities, ABS, equities and commercial mortgages. Economic conditions as well as adverse capital market and credit conditions, interest rate changes, changes in mortgage prepayment behavior or declines in the value of underlying collateral will impact the credit quality, liquidity and value of our investment and derivative portfolios, potentially resulting in higher capital charges and unrealized or realized losses and decreased investment income. The value of our investments and derivative portfolios may also be impacted by reductions in price transparency, changes in the assumptions or methodology we use to estimate fair value and changes in investor confidence or preferences, which could potentially result in higher realized or unrealized losses and have a material adverse effect on our results of operations or financial condition. Market volatility may also make it difficult to value certain of our securities if trading becomes less frequent.

Market conditions determine the availability and cost of the reinsurance protection we purchase and may result in additional expenses for reinsurance or an inability to obtain sufficient reinsurance on acceptable terms, which could adversely affect the profitability of future business and the availability of capital to support new sales.

Hedging instruments we use to manage product and other risks might not perform as intended or expected, which could result in higher realized losses and unanticipated cash needs to collateralize or settle such transactions. Adverse market conditions can limit the availability and increase the costs of hedging instruments, and such costs may not be recovered in the pricing of the underlying products being hedged. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralized.

Regardless of market conditions, certain investments we hold, including privately placed fixed income investments, investments in private equity funds and commercial mortgages, are relatively illiquid. If we need to sell these investments, we may have difficulty selling them in a timely manner or at a price equal to what we could otherwise realize by holding the investment to maturity.

We are exposed to interest rate and equity risk based upon the discount rate and expected long-term rate of return assumptions associated with our pension and other retirement benefit obligations. Sustained declines in long-term interest rates or equity returns could have a negative effect on the funded status of these plans and/or increase our future funding costs.

Fluctuations in our operating results and realized and unrealized gains and losses on our investment and derivative portfolio may impact our tax profile, our ability to optimally utilize tax attributes and our deferred income tax assets. See "Our ability to use beneficial U.S. tax attributes is subject to limitations."

A default by any financial institution or by a sovereign could lead to additional defaults by other market participants. The failure of a sufficiently large and influential institution could disrupt securities markets or clearance and settlement systems and lead to a chain of defaults, because the commercial and financial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a counterparty may lead to market-wide liquidity problems and losses or defaults by us or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which we interact on a daily basis. Systemic risk could have a material adverse effect on our ability to raise new funding and on our business, results of operations, financial condition, liquidity and/or business prospects. In addition, such a failure could impact future product sales as a potential result of reduced confidence in the financial services industry. Regulatory changes implemented to address systemic risk could also cause market participants to curtail their participation in certain market activities, which could decrease market liquidity and increase trading and other costs.

Widening credit spreads, if not offset by equal or greater declines in the risk-free interest rate, would also cause the total interest rate payable on newly issued securities to increase, and thus would have the same effect as an increase in underlying interest rates with respect to the valuation of our current portfolio.

Adverse capital and credit market conditions may impact our ability to access liquidity and capital, as well as the cost of credit and capital.

Adverse capital market conditions may affect the availability and cost of borrowed funds, thereby impacting our ability to support or grow our businesses. We need liquidity to pay our operating expenses, interest on our debt and dividends on our capital stock, to carry out any share repurchases that we may undertake, to maintain our securities lending activities, to collateralize certain

obligations with respect to our indebtedness, and to replace certain maturing liabilities. Without sufficient liquidity, we will be forced to curtail our operations and our business will suffer. As a holding company with no direct operations, our principal assets are the capital stock of our subsidiaries.

Payments of dividends and advances or repayment of funds to us by our insurance subsidiaries are restricted by the applicable laws and regulations of their respective jurisdictions, including laws establishing minimum solvency and liquidity thresholds.

For our insurance and other subsidiaries, the principal sources of liquidity are insurance premiums and fees, annuity deposits and cash flow from investments and assets. At the holding company level, sources of liquidity in normal markets also include a variety of short-term liquid investments and short-and long-term instruments, including credit facilities, equity securities and medium-and long-term debt.

In the event current resources do not satisfy our needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry and our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects. Similarly, our access to funds may be limited if regulatory authorities or rating agencies take negative actions against us. If our internal sources of liquidity prove to be insufficient, there is a risk that we may not be able to successfully obtain additional financing on favorable terms, or at all. Any actions we might take to access financing may cause rating agencies to reevaluate our ratings.

Disruptions, uncertainty or volatility in the capital and credit markets, such as that experienced over the past few years, may also limit our access to capital. Such market conditions may in the future limit our ability to raise additional capital to support business growth, or to counter-balance the consequences of losses or increased regulatory reserves and rating agency capital requirements. This could force us to (1) delay raising capital, (2) reduce, cancel or postpone interest payments on our debt or reduce or eliminate dividends paid on our capital stock, (3) issue capital of different types or under different terms than we would otherwise or (4) incur a higher cost of capital than would prevail in a more stable market environment. This would have the potential to decrease both our profitability and our financial flexibility. Our results of operations, financial condition, liquidity, statutory capital and rating agency capital position could be materially and adversely affected by disruptions in the financial markets.

The level of interest rates may adversely affect our profitability, particularly in the event of a continuation of the current low interest rate environment or a period of rapidly increasing interest rates.

Interest rates have remained at historical lows for an extended period and, although the Federal Reserve has recently moved to marginally increase short-term interest rates, medium- and long-term interest rates have remained at historically low levels. In addition, central banks in Europe and Japan have recently pursued largely unprecedented negative interest rate policies, the consequences of which are uncertain.

During periods of declining interest rates or a prolonged period of low interest rates, life insurance and annuity products may be relatively more attractive to consumers due to minimum guarantees that are frequently mandated by regulators, resulting in increased premium payments on products with flexible premium features and a higher percentage of insurance and annuity contracts remaining in force from year-to-year than we anticipated in our pricing, potentially resulting in greater claims costs than we expected and asset/liability cash flow mismatches. A decrease in interest rates or a prolonged period of low interest rates may also require additional provisions for guarantees included in life insurance and annuity contracts, as the guarantees become more valuable to policyholders. During a period of decreasing interest rates or a prolonged period of low interest rates, our investment earnings may decrease because the interest earnings on our recently purchased fixed income investments will likely have declined in parallel with market interest rates. In addition, a prolonged low interest rate period may result in higher costs for certain derivative

instruments that may be used to hedge certain of our product risks. RMBS and callable fixed income securities in our investment portfolios will be more likely to be prepaid or redeemed as borrowers seek to borrow at lower interest rates. Consequently, we may be required to reinvest the proceeds in securities bearing lower interest rates.

Accordingly, during periods of declining interest rates, our profitability may suffer as the result of a decrease in the spread between interest rates credited to policyholders and contract owners and returns on our investment portfolios. An extended period of declining or prolonged low interest rates or a prolonged period of low interest rates may also cause us to change our long-term view of the interest rates that we can earn on our investments. Such a change in our view would cause us to change the long-term interest rate that we assume in our calculation of insurance assets and liabilities under U.S. GAAP. This revision would result in increased reserves, accelerated amortization of DAC and other unfavorable consequences. In addition, certain statutory capital and reserve requirements are based on formulas or models that consider interest rates, and an extended period of low interest rates may increase the statutory capital we are required to hold and the amount of assets we must maintain to support statutory reserves.

We believe a continuation of the current low interest rate environment would negatively affect our financial performance. In particular, we estimate that, if the ten-year Treasury yield were to remain at the levels prevailing at the time of filing this Annual Report on Form 10-K (approximately 1.8%) through the end of 2019, and assuming other benchmark Treasury yields were also to remain at their currently prevailing levels through the end of 2019 (we refer to this scenario as the “Flat Rate Scenario”), aggregate pre-tax operating earnings across our five ongoing business segments would be approximately 2% to 5% lower, as compared to our current expectations, in each of 2016, 2017, 2018, and 2019. In addition, we expect that a continuation of the current low interest rate environment would reduce our total company estimated combined RBC ratio in an amount that could be material. More specifically, we estimate that the cumulative effect of the Flat Rate Scenario over the four-year period from 2016 to 2019 would be a decline in our combined RBC ratio by approximately 50 RBC percentage points by the end of that period, as compared to our current expectations.

Conversely, in periods of rapidly increasing interest rates, policy loans, withdrawals from, and/or surrenders of, life insurance and annuity contracts and certain GICs may increase as policyholders choose to seek higher investment returns. Obtaining cash to satisfy these obligations may require us to liquidate fixed income investments at a time when market prices for those assets are depressed because of increases in interest rates. This may result in realized investment losses. Regardless of whether we realize an investment loss, such cash payments would result in a decrease in total invested assets and may decrease our net income and capitalization levels. Premature withdrawals may also cause us to accelerate amortization of DAC, which would also reduce our net income. An increase in market interest rates could also have a material adverse effect on the value of our investment portfolio by, for example, decreasing the estimated fair values of the fixed income securities within our investment portfolio. An increase in market interest rates could also create a significant collateral posting requirement associated with our interest rate hedge programs and Federal Home Loan Bank funding agreements, which could materially and adversely affect liquidity. In addition, an increase in market interest rates could require us to pay higher interest rates on debt securities we may issue in the financial markets from time to time to finance our operations, which would increase our interest expenses and reduce our results of operations. An increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds, which also might affect the value of the underlying guarantees within these variable annuities. Lastly, certain statutory reserve requirements are based on formulas or models that consider forward interest rates and an increase in forward interest rates may increase the statutory reserves we are required to hold thereby reducing statutory capital.

Changes in prevailing interest rates may negatively affect our business including the level of net interest margin we earn. In a period of changing interest rates, interest expense may increase and interest credited to policyholders may change at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest margin. Changes in interest rates may negatively affect the value of our assets and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings. In addition, our insurance and annuity products and certain of our retirement and investment products are sensitive to inflation rate fluctuations. A sustained increase in the inflation rate in our principal markets may also negatively affect our business, financial condition and results of operation. For example, a sustained increase in the inflation rate may result in an increase in nominal market interest rates. A failure to accurately anticipate higher inflation and factor it into our product pricing assumptions may result in mispricing of our products, which could materially and adversely impact our results of operations.

A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and adversely affect our results of operations and financial condition.

Ratings are important to our business. Credit ratings represent the opinions of rating agencies regarding an entity’s ability to repay its indebtedness. Our credit ratings are important to our ability to raise capital through the issuance of debt and to the cost of such financing. Financial strength ratings, which are sometimes referred to as “claims-paying” ratings, represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its

obligations under an insurance policy. Financial strength ratings are important factors affecting public confidence in insurers, including our insurance company subsidiaries. The financial strength ratings of our insurance subsidiaries are important to our ability to sell our products and services to our customers. Ratings are not recommendations to buy our securities. Each of the rating agencies reviews its ratings periodically, and our current ratings may not be maintained in the future.

Our ratings could be downgraded at any time and without notice by any rating agency. For a description of material rating actions that have occurred from the end of 2014 through the date of this Annual Report on Form 10-K, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Ratings.”

A downgrade of the financial strength rating of one of our Principal Insurance Subsidiaries could affect our competitive position by making it more difficult for us to market our products as potential customers may select companies with higher financial strength ratings and by leading to increased withdrawals by current customers seeking companies with higher financial strength ratings.

This could lead to a decrease in AUM and result in lower fee income. Furthermore, sales of assets to meet customer withdrawal demands could also result in losses, depending on market conditions. In addition, a downgrade in either our financial strength or credit ratings could potentially, among other things, increase our borrowing costs and make it more difficult to access financing; adversely affect the availability of LOCs and other financial guarantees; result in additional collateral requirements, or other required payments or termination rights under derivative contracts or other agreements; and/or impair, or cause the termination of, our relationships with creditors, broker-dealers, distributors, reinsurers or trading counterparties, which could potentially negatively affect our profitability, liquidity and/or capital. In addition, we use assumptions of market participants in estimating the fair value of our liabilities, including insurance liabilities that are classified as embedded derivatives under U.S. GAAP. These assumptions include our nonperformance risk (i.e., the risk that the obligations will not be fulfilled). Therefore, changes in our credit or financial strength ratings may affect the fair value of our liabilities.

As rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate and potentially adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. It is possible that the outcome of any such review of us would have additional adverse ratings consequences, which could have a material adverse effect on our results of operations, financial condition and liquidity. We may need to take actions in response to changing standards or capital requirements set by any of the rating agencies which could cause our business and operations to suffer. We cannot predict what additional actions rating agencies may take, or what actions we may take in response to the actions of rating agencies.

Certain of our securities continue to be guaranteed by ING Group. A downgrade of the credit ratings of ING Group could result in downgrades of these securities, as occurred during the second quarter of 2015, when Moody's downgraded these guaranteed securities from A3 to Baa1. For information on additional collateral requirements in case of a downgrade of our, or ING Group's ratings, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Potential Impact of a Ratings Downgrade".

Because we operate in highly competitive markets, we may not be able to increase or maintain our market share, which may have an adverse effect on our results of operations.

In each of our businesses we face intense competition, including from domestic and foreign insurance companies, broker-dealers, financial advisors, asset managers and diversified financial institutions, banks, technology companies and start-up financial services providers, both for the ultimate customers for our products and for distribution through independent distribution channels. We compete based on a number of factors including brand recognition, reputation, quality of service, quality of investment advice, investment performance of our products, product features, scope of distribution, price, perceived financial strength and credit ratings, scale and level of customer service. A decline in our competitive position as to one or more of these factors could adversely affect our profitability. In addition, we may in the future sacrifice our competitive or market position in order to improve our profitability. Many of our competitors are large and well-established and some have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have greater financial resources, or have higher claims-paying or credit ratings than we do. Furthermore, the preferences of the end consumers for our products and services may shift, including as a result of technological innovations affecting the marketplaces in which we operate. To the extent our competitors are more successful than we are at adopting new technology and adapting to the changing preferences of the marketplace, our competitiveness may decline.

In recent years, there has been substantial consolidation among companies in the financial services industry resulting in increased competition from large, well-capitalized financial services firms. Future economic turmoil may accelerate additional consolidation activity. Many of our competitors also have been able to increase their distribution systems through mergers, acquisitions, partnerships or other contractual arrangements. Furthermore, larger competitors may

have lower operating costs and have an ability to absorb greater risk, while maintaining financial strength ratings, allowing them to price products more competitively. These competitive pressures could result in increased pressure on the pricing of certain of our products and services, and could harm our ability to maintain or increase profitability. In addition, if our financial strength and credit ratings are lower than our competitors, we may experience increased surrenders and/or a significant decline in sales. The competitive landscape in which we operate may be further affected by the government sponsored programs or regulatory changes in the United States and similar governmental actions outside of the United States. Competitors that receive governmental financing, guarantees or other assistance, or that are not subject to the same regulatory constraints, may have or obtain pricing or other competitive advantages. Due to the competitive nature of the financial services industry, there can be no assurance that we will continue to effectively compete within the industry or that competition will not have a material adverse impact on our business, results of operations and financial condition.

Our risk management policies and procedures, including hedging programs, may prove inadequate for the risks we face, which could negatively affect our business or result in losses.

We have developed risk management policies and procedures, including hedging programs, that utilize derivative financial instruments, and expect to continue to do so in the future. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective, particularly during turbulent economic conditions. Many of our methods of managing risk and exposures are based upon observed historical market behavior or statistics based on historical models. As a result, these methods may not predict future exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend on the evaluation of information regarding markets, customers, catastrophe occurrence or other matters that is publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events. These policies and procedures may not be fully effective.

Recently, central monetary authorities in Japan and Europe have adopted negative interest rate policies, and the FOMC has not ruled out the possibility that it may in the future adopt such policies in the United States. Because of the novelty that negative interest rates would present, it is possible that such rates would adversely affect the functionality of our actuarial, risk and other models. This could lead to disruptions in our hedging and other risk management programs, or have other unforeseen consequences.

We employ various strategies, including hedging and reinsurance, with the objective of mitigating risks inherent in our business and operations. These risks include current or future changes in the fair value of our assets and liabilities, current or future changes in cash flows, the effect of interest rates, equity markets and credit spread changes, the occurrence of credit defaults, currency fluctuations and changes in mortality and longevity. We seek to control these risks by, among other things, entering into reinsurance contracts and derivative instruments, such as swaps, options, futures and forward contracts. See “—Reinsurance subjects us to the credit risk of reinsurers and may not be available, affordable or adequate to protect us against losses” for a description of risks associated with our use of reinsurance. Developing an effective strategy for dealing with these risks is complex, and no strategy can completely insulate us from such risks. Our hedging strategies also rely on assumptions and projections regarding our assets, liabilities, general market factors, and the creditworthiness of our counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, our hedging activities may not have the desired beneficial impact on our results of operations or financial condition. Hedging strategies involve transaction costs and other costs, and if we terminate a hedging arrangement, we may also be required to pay additional costs, such as transaction fees or breakage costs. We may incur losses on transactions after taking into account our hedging strategies. In particular, certain of our hedging strategies focus on the protection of regulatory and rating agency capital, rather than U.S. GAAP earnings. Because our regulatory capital and rating agency capital react differently to market movements than our Variable Annuity Guarantee Hedge Program target, we have executed a Capital Hedge Overlay program to generally target these differences. As U.S. GAAP accounting differs from the methods used to determine regulatory reserves and rating agency capital requirements, our hedge programs may create earnings volatility in our U.S. GAAP financial statements. Further, the nature, timing, design or execution of our hedging transactions could actually increase our risks and losses. Our hedging strategies and the derivatives that we use, or may use in the future, may not adequately mitigate or offset the hedged risk and our hedging transactions may result in losses.

Past or future misconduct by our employees, agents, intermediaries, representatives of our broker-dealer subsidiaries or employees of our vendors could result in violations of law by us or our subsidiaries, regulatory sanctions and/or serious reputational or financial harm and the precautions we take to prevent and detect this activity may not be effective in all cases. Although we employ controls and procedures designed to monitor associates’ business decisions and to prevent us from taking excessive or inappropriate risks, associates may take such risks regardless of such controls and procedures. Our compensation policies and practices are reviewed by us as part of our overall risk management program, but it is possible that such compensation policies and practices could inadvertently incentivize

excessive or inappropriate risk taking. If our associates take excessive or inappropriate risks, those risks could harm our reputation and have a material adverse effect on our results of operations and financial condition.

The inability of counterparties to meet their financial obligations could have an adverse effect on our results of operations.

Third parties that owe us money, securities or other assets may not pay or perform under their obligations. These parties include the issuers or guarantors of securities we hold, customers, reinsurers, trading counterparties, securities lending and repurchase counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. Defaults by one or more of these parties on their obligations to us due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other factors, or even rumors about potential defaults by one or more of these parties, could have a material adverse effect on our results of operations, financial condition and liquidity.

We routinely execute a high volume of transactions such as unsecured debt instruments, derivative transactions and equity investments with counterparties and customers in the financial services industry, including broker-dealers, commercial and investment banks, mutual and hedge funds, institutional clients, futures clearing merchants, swap dealers, insurance companies and other institutions, resulting in large periodic settlement amounts which may result in our having significant credit exposure to one or more of such counterparties or customers. Many of these transactions comprise derivative instruments with a number of counterparties in order to hedge various risks, including equity and interest rate market risk features within many of our insurance and annuity products. Our obligations under our products are not changed by our hedging activities and we are liable for our obligations even if our derivative counterparties do not pay us. As a result, we face concentration risk with respect to liabilities or amounts we expect to collect from specific counterparties and customers. A default by, or even concerns about the creditworthiness of, one or more of these counterparties or customers could have an adverse effect on our results of operations or liquidity. There is no assurance that losses on, or impairments to the carrying value of, these assets due to counterparty credit risk would not materially and adversely affect our business, results of operations or financial condition.

We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations we hold could result in losses and/or adversely affect our ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. While in many cases we are permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral we are entitled to receive and the value of pledged assets. Our credit risk may also be exacerbated when the collateral we hold cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to us, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those experienced during the financial crisis of 2008-09. The termination of contracts and the foreclosure on collateral may subject us to claims for the improper exercise of rights under the contracts. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Requirements to post collateral or make payments related to changes in market value of specified assets may adversely affect liquidity.

The amount of collateral we may be required to post under short-term financing agreements and derivative transactions may increase under certain circumstances. Pursuant to the terms of some transactions, we could be required to make payment to our counterparties related to any change in the market value of the specified collateral assets. Such requirements could have an adverse effect on liquidity. Furthermore, with respect to any such payments, we may have unsecured risk to the counterparty as these amounts may not be required to be segregated from the counterparty's other funds, may not be held in a third-party custodial account and may not be required to be paid to us by the counterparty until the termination of the transaction. Additionally, the implementation of the Dodd-Frank Act and the resultant changes in collateral requirements may increase the need for liquidity and eligible collateral assets in excess of what is already being held.

For a discussion on certain obligations we have with respect to the posting of collateral upon the occurrence of certain events, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Potential Impact of a Ratings Downgrade."

Our investment portfolio is subject to several risks that may diminish the value of our invested assets and the investment returns credited to customers, which could reduce our sales, revenues, AUM and results of operations.

Fixed income securities represent a significant portion of our investment portfolio. We are subject to the risk that the issuers, or guarantors, of fixed income securities we own may default on principal and interest payments they owe us. We are also subject to the risk that the underlying collateral within asset-backed securities, including mortgage-backed securities, may default on principal and interest payments causing an adverse change in cash flows. The occurrence of

a major economic downturn, acts of corporate malfeasance, widening mortgage or credit spreads, or other events that adversely affect the issuers, guarantors or underlying collateral of these securities could cause the estimated fair value of our fixed income securities portfolio and our earnings to decline and the default rate of the fixed income securities in our investment portfolio to increase. A ratings downgrade affecting issuers or guarantors of securities in our investment portfolio, or similar trends that could worsen the credit quality of such issuers, or guarantors could also have a similar effect. Similarly, a ratings downgrade affecting a security we hold could indicate the credit quality of that security has deteriorated and could increase the capital we must hold to support that security to maintain our RBC ratio. See “A decrease in the RBC ratio (as a result of a reduction in statutory surplus and/or increase in RBC requirements) of our insurance subsidiaries could result in increased scrutiny by insurance regulators and rating agencies and have a material adverse effect on our business, results of operations and financial condition.” We are also subject to the risk that cash flows resulting from the payments on pools of mortgages that serve as collateral underlying the mortgage-backed securities we own may differ from our expectations in timing or size. Cash flow variability arising from an unexpected acceleration in mortgage prepayment behavior

can be significant, and could cause a decline in the estimated fair value of certain “interest-only” securities within our mortgage-backed securities portfolio. Any event reducing the estimated fair value of these securities, other than on a temporary basis, could have a material adverse effect on our business, results of operations and financial condition.

We derive operating revenues from providing investment management and related services. Our revenues depend largely on the value and mix of AUM. Our investment management related revenues are derived primarily from fees based on a percentage of the value of AUM. Any decrease in the value or amount of our AUM because of market volatility or other factors negatively impacts our revenues and income. Global economic conditions, changes in the equity markets, currency exchange rates, interest rates, inflation rates, the yield curve, defaults by derivative counterparties and other factors that are difficult to predict affect the mix, market values and levels of our AUM. The funds we manage may be subject to an unanticipated large number of redemptions as a result of such events, causing the funds to sell securities they hold, possibly at a loss, or draw on any available lines of credit to obtain cash, or use securities held in the applicable fund, to settle these redemptions. We may, in our discretion, also provide financial support to a fund to enable it to maintain sufficient liquidity in such an event. Additionally, changing market conditions may cause a shift in our asset mix towards fixed-income products and a related decline in our revenue and income, as we generally derive higher fee revenues and income from equity products than from fixed-income products we manage. Any decrease in the level of our AUM resulting from price declines, interest rate volatility or uncertainty, increased redemptions or other factors could negatively impact our revenues and income.

From time to time we invest our capital to seed a particular investment strategy or investment portfolio. We may also co-invest in funds or take an equity ownership interest in certain structured finance/investment vehicles that we manage for our customers. Any decrease in the value of such investments could negatively affect our revenues and income.

Our investment performance is critical to the success of our investment management and related services business, as well as to the profitability of our insurance, annuity and retirement products. Poor investment performance as compared to third-party benchmarks or competitor products could lead to a decrease in sales of investment products we manage and lead to redemptions from existing products, generally lowering the overall level of AUM and reducing the management fees we earn. We cannot assure you that past or present investment performance in the investment products we manage will be indicative of future performance. Any poor investment performance may negatively impact our revenues and income.

Some of our investments are relatively illiquid and in some cases are in asset classes that have been experiencing significant market valuation fluctuations.

We hold certain assets that may lack liquidity, such as privately placed fixed income securities, commercial mortgage loans, policy loans and limited partnership interests. These asset classes represented 29.6% of the carrying value of our total cash and invested assets as of December 31, 2015. If we require significant amounts of cash on short notice in excess of normal cash requirements or are required to post or return collateral in connection with our investment portfolio, derivatives transactions or securities lending activities, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both.

The reported values of our relatively illiquid types of investments do not necessarily reflect the current market price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance that we would be able to sell them for the prices at which we have recorded them and we might be forced to sell them at significantly lower prices.

We invest a portion of our invested assets in investment funds, many of which make private equity investments. The amount and timing of income from such investment funds tends to be uneven as a result of the performance of the underlying investments, including private equity investments. The timing of distributions from the funds, which

depends on particular events relating to the underlying investments, as well as the funds' schedules for making distributions and their needs for cash, can be difficult to predict. As a result, the amount of income that we record from these investments can vary substantially from quarter to quarter. Recent equity and credit market volatility may reduce investment income for these types of investments.

Our CMO-B portfolio exposes us to market and behavior risks.

We manage a portfolio of various collateralized mortgage obligation ("CMO") tranches in combination with financial derivatives as part of a proprietary strategy we refer to as "CMO-B," as described under "Investments—CMO-B Portfolio." As of December 31, 2015, our CMO-B portfolio had \$3.6 billion in total assets, consisting of notional or principal securities backed by mortgages secured by single-family residential real estate, and including interest-only securities, principal-only securities, inverse-floating rate (principal) securities and inverse interest-only securities. The CMO-B portfolio is subject to a number of market and behavior risks, including interest rate risk and prepayment risk. Interest rate risk represents the potential for adverse changes in portfolio

value resulting from changes in the general level of interest rates. Prepayment risk represents the potential for adverse changes in portfolio value resulting from changes in residential mortgage prepayment speed, which in turn depends on a number of factors, including conditions in both credit markets and housing markets. As of December 31, 2015, December 31, 2014 and December 31, 2013, approximately 49.3%, 44.4%, and 38.3%, respectively, of the Company's total CMO holdings were invested in those types of CMOs, such as interest-only or principal-only strips, which are subject to more prepayment and extension risk than traditional CMOs. In addition, government policy changes affecting residential housing and residential housing finance, such as government agency reform and government sponsored refinancing programs, and Federal Reserve Bank purchases of agency mortgage securities could alter prepayment behavior and result in adverse changes to portfolio values. While we actively monitor our exposure to these and other risks inherent in this strategy, we cannot assure you that our hedging and risk management strategies will be effective; any failure to manage these risks effectively could materially and adversely affect our results of operations and financial condition. In addition, although our CMO-B portfolio performed well for a number of years, and particularly well since the financial crisis of 2008-09, primarily due to persistently low levels of short-term interest rates and mortgage prepayments in an atmosphere of tightened housing-related credit availability, this portfolio may not continue to perform as well in the future. A rise in home prices, the concern over further introduction of or changes to government policies aimed at altering prepayment behavior, and an increased availability of housing-related credit could combine to increase expected or actual prepayment speeds, which would likely lower interest only ("IO") and inverse IO valuations. Under these circumstances, the results of our CMO-B portfolio would likely underperform those of recent periods.

Defaults or delinquencies in our commercial mortgage loan portfolio may adversely affect our profitability.

The commercial mortgage loans we hold face both default and delinquency risk. We establish loan specific estimated impairments at the balance sheet date. These impairments are based on the excess carrying value of the loan over the present value of expected future cash flows discounted at the loan's original effective interest rate, the estimated fair value of the loan's collateral if the loan is in the process of foreclosure or otherwise collateral dependent, or the loan's observable market price. We also establish valuation allowances for loan losses when, based on past experience, it is probable that a credit event has occurred and the amount of the loss can be reasonably estimated. These valuation allowances are based on loan risk characteristics, historical default rates and loss severities, real estate market fundamentals and outlook as well as other relevant factors. As of December 31, 2015, our commercial loan portfolio included \$3.1 million of commercial loans that were 30 days or less past due, and no commercial mortgage loans in process of foreclosure. The performance of our commercial mortgage loan investments may fluctuate in the future. In addition, legislative proposals that would allow or require modifications to the terms of commercial mortgage loans could be enacted. We cannot predict whether these proposals will be adopted, or what impact, if any, such laws, if enacted, could have on our business or investments. An increase in the delinquency and default rate of our commercial mortgage loan portfolio could adversely impact our results of operations and financial condition.

Further, any geographic or sector concentration of our commercial mortgage loans may have adverse effects on our investment portfolios and consequently on our results of operations or financial condition. While we generally seek to mitigate the risk of sector concentration by having a broadly diversified portfolio, events or developments that have a negative effect on any particular geographic region or sector may have a greater adverse effect on the investment portfolios to the extent that the portfolios are concentrated, which could affect our results of operations and financial condition.

In addition, liability under environmental protection laws resulting from our commercial mortgage loan portfolio and real estate investments could affect our results of operations or financial condition. Under the laws of several states, contamination of a property may give rise to a lien on the property to secure recovery of the costs of cleanup. In some states, such a lien has priority over the lien of an existing mortgage against the property, which would impair our ability to foreclose on that property should the related loan be in default. In addition, under the laws of some states and under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, we may be

liable for costs of addressing releases or threatened releases of hazardous substances that require remedy at a property securing a mortgage loan held by us, regardless of whether or not the environmental damage or threat was caused by the obligor, which could harm our results of operations and financial condition. We also may face this liability after foreclosing on a property securing a mortgage loan held by us.

Our operations are complex and a failure to properly perform services could have an adverse effect on our revenues and income.

Our operations include, among other things, retirement plan administration, policy administration, portfolio management, investment advice, retail and wholesale brokerage, fund administration, shareholder services, benefits processing and servicing, contract and sales and servicing, transfer agency, underwriting, distribution, custodial, trustee and other fiduciary services. In order to be competitive, we must properly perform our administrative and related responsibilities, including recordkeeping and accounting, regulatory compliance, security pricing, corporate actions, compliance with investment restrictions, daily net asset value computations, account reconciliations and required distributions to fund shareholders. Further, certain of our investment

management subsidiaries may act as general partner for various investment partnerships, which may subject them to liability for the partnerships' liabilities. If we fail to properly perform and monitor our operations, our business could suffer and our revenues and income could be adversely affected.

Our products and services are complex and are frequently sold through intermediaries, and a failure to properly perform services or the misrepresentation of our products or services could have an adverse effect on our revenues and income.

Many of our products and services are complex and are frequently sold through intermediaries. In particular, our insurance businesses are reliant on intermediaries to describe and explain their products to potential customers. The intentional or unintentional misrepresentation of our products and services in advertising materials or other external communications, or inappropriate activities by our personnel or an intermediary, could adversely affect our reputation and business prospects, as well as lead to potential regulatory actions or litigation.

Revenues, earnings and income from our Investment Management business operations could be adversely affected if the terms of our asset management agreements are significantly altered or the agreements are terminated, or if certain performance hurdles are not realized.

Our revenues from our investment management business operations are dependent on fees earned under asset management and related services agreements that we have with the clients and funds we advise. Operating revenues for this segment were \$622.2 million for the year ended December 31, 2015, \$655.4 million for the year ended December 31, 2014, and \$607.7 million for the year ended December 31, 2013 and could be adversely affected if these agreements are altered significantly or terminated in the future. The decline in revenue that might result from alteration or termination of our asset management services agreements could have a material adverse impact on our results of operations or financial condition. Operating earnings before income taxes for this segment were \$181.9 million for the year ended December 31, 2015, \$210.3 million for the year ended December 31, 2014, and \$178.1 million for the year ended December 31, 2013. In addition, under certain laws, most notably the Investment Company Act and the Investment Advisers Act, advisory contracts may require approval or consent from clients or fund shareholders in the event of an assignment of the contract or a change in control of the investment adviser. Were a transaction to result in an assignment or change in control, the inability to obtain consent or approval from clients or shareholders of mutual funds or other investment funds could result in a significant reduction in advisory fees.

As investment manager for certain private equity funds that we sponsor, we earn both a fixed management fee and a performance-based incentive fee, or "carried interest". Our receipt of performance-based fees is dependent on the fund exceeding a specified investment return hurdle over the life of the fund. The profitability of our investment management activities with respect to these funds depends to a significant extent on our ability to exceed the hurdle rates and receive performance fees. To the extent that we exceed the investment hurdle during the life of the fund, we may receive or accrue performance fees, which are generally reported as Net investment income and net realized gains (losses) within our Investment Management segment during the period such fees are first earned. If the investment return of a fund were to subsequently decline so that the cumulative return of a fund falls below its specified investment return hurdle, we may have to reverse previously reported performance fees, which would result in a reduction to Net investment income and net realized gains (losses) during the period in which such reversal becomes due. Consequently, a decline in fund performance could require us to reverse previously reported performance fees, which could create volatility in the results we report in our Investment Management segment, and the adverse effects of any such reversals could be material to our results for the period in which they occur. As of December 31, 2015, approximately \$54.9 million of previously accrued carried interest would be subject to full or partial reversal in future periods if cumulative fund performance hurdles are not maintained throughout the remaining life of the affected funds.

The valuation of many of our financial instruments includes methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to investment valuations that may materially and

adversely affect our results of operations and financial condition.

The following financial instruments are carried at fair value in our financial statements: fixed income securities, equity securities, derivatives, embedded derivatives, assets and liabilities related to consolidated investment entities, and separate account assets. We have categorized these instruments into a three-level hierarchy, based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3), while quoted prices in markets that are not active or valuation techniques requiring inputs that are observable for substantially the full term of the asset or liability are Level 2.

Factors considered in estimating fair values of securities, and derivatives and embedded derivatives related to our securities include coupon rate, maturity, principal paydown including prepayments, estimated duration, call provisions, sinking fund requirements,

credit rating, industry sector of the issuer and quoted market prices of comparable securities. Factors considered in estimating the fair values of embedded derivatives and derivatives related to product guarantees and index-crediting features (collectively, “guaranteed benefit derivatives”) include risk-free interest rates, long-term equity implied volatility, interest rate implied volatility, correlations among mutual funds associated with variable annuity contracts, correlations between interest rates and equity funds and actuarial assumptions such as mortality rates, lapse rates and benefit utilization, as well as the amount and timing of policyholder deposits and partial withdrawals. The impact of our risk of nonperformance is also reflected in the estimated fair value of guaranteed benefit derivatives. In many situations, inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In these situations, we will determine the level in which the fair value falls based upon the lowest level input that is significant to the determination of the fair value.

The determinations of fair values are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts.

During periods of market disruption, including periods of rapidly changing credit spreads or illiquidity, it has been in the past and likely would be in the future difficult to value certain of our securities, such as certain mortgage-backed securities, if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that, although currently in active markets with significant observable data, could become illiquid in a difficult financial environment. In such cases, more securities may fall to Level 3 and thus require more subjectivity and management judgment in determining fair value. As such, valuations may include inputs and assumptions that are less observable or require greater estimation, thereby resulting in values that may differ materially from the value at which the investments may be ultimately sold. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported within the financial statements, and the period-to-period changes in value could vary significantly. Decreases in value could have a material adverse effect on our results of operations and financial condition. As of December 31, 2015, 4.4% , 93.2% and 2.4% of our available-for-sale securities were considered to be Level 1, 2 and 3, respectively.

The determination of the amount of allowances and impairments taken on our investments is subjective and could materially and adversely impact our results of operations or financial condition. Gross unrealized losses may be realized or result in future impairments, resulting in a reduction in net income.

We evaluate investment securities held by us for impairment on a quarterly basis. This review is subjective and requires a high degree of judgment. For fixed income securities held, an impairment loss is recognized if the fair value of the debt security is less than the carrying value and we no longer have the intent to hold the debt security; if it is more likely than not that we will be required to sell the debt security before recovery of the amortized cost basis; or if a credit loss has occurred.

When we do not intend to sell a security in an unrealized loss position, potential credit related other-than-temporary impairments (“OTTI”) are considered using a variety of factors, including the length of time and extent to which the fair value has been less than cost, adverse conditions specifically related to the industry, geographic area in which the issuer conducts business, financial condition of the issuer or underlying collateral of a security, payment structure of the security, changes in credit rating of the security by the rating agencies, volatility of the fair value changes and other events that adversely affect the issuer. In addition, we take into account relevant broad market and economic data in making impairment decisions.

As part of the impairment review process, we utilize a variety of assumptions and estimates to make a judgment on how fixed income securities will perform in the future. It is possible that securities in our fixed income portfolio will perform worse than our expectations. There is an ongoing risk that further declines in fair value may occur and

additional OTTI may be recorded in future periods, which could materially and adversely affect our results of operations and financial condition. Furthermore, historical trends may not be indicative of future impairments or allowances.

Fixed income and equity securities classified as available-for-sale are reported at their estimated fair value. Unrealized gains or losses on available-for-sale securities are recognized as a component of other comprehensive income (loss) and are therefore excluded from net income (loss). The accumulated change in estimated fair value of these available-for-sale securities is recognized in net income (loss) when the gain or loss is realized upon the sale of the security or in the event that the decline in estimated fair value is determined to be other-than-temporary and an impairment charge to earnings is taken. Such realized losses or impairments may have a material adverse effect on our net income (loss) in a particular interim or annual period. For example, we recorded OTTI of \$117.0 million, \$31.6 million, and \$35.7 million in net realized capital losses for the years ended December 31, 2015, 2014 and 2013, respectively.

Our participation in a securities lending program and a repurchase program subjects us to potential liquidity and other risks.

We engage in a securities lending program whereby certain securities from our portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the market value of the loaned securities. For certain transactions, a lending agent may be used and the agent may retain some or all of the collateral deposited by the borrower and transfer the remaining collateral to us. Collateral retained by the agent is invested in liquid assets on our behalf. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates.

We also participate in a repurchase agreement program whereby we sell fixed income securities to a third party, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase those same securities at a determined future date. During the term of the repurchase agreements, cash or other types of permitted collateral provided to us is sufficient to allow us to fund substantially all of the cost of purchasing replacement assets in the event of counterparty default (i.e., the sold securities are not returned to us on the scheduled repurchase date). Cash proceeds received by us under the repurchase program are typically invested in fixed income securities but may in certain circumstances be available to us for liquidity or other purposes prior to the scheduled repurchase date. The repurchase of securities or our inability to enter into new repurchase agreements would reduce the amount of such cash collateral available to us. Market conditions on or after the repurchase date may limit our ability to enter into new agreements at a time when we need access to additional cash collateral for investment or liquidity purposes.

For both securities lending and repurchase transactions, in some cases, the maturity of the securities held as invested collateral (i.e., securities that we have purchased with cash collateral received) may exceed the term of the related securities on loan and the estimated fair value may fall below the amount of cash received as collateral and invested. If we are required to return significant amounts of cash collateral on short notice and we are forced to sell securities to meet the return obligation, we may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than we otherwise would have been able to realize under normal market conditions, or both. In addition, under adverse capital market and economic conditions, liquidity may broadly deteriorate, which would further restrict our ability to sell securities. If we decrease the amount of our securities lending and repurchase activities over time, the amount of net investment income generated by these activities will also likely decline. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Securities Lending”.

Differences between actual claims experience and reserving assumptions may adversely affect our results of operations or financial condition.

We establish and hold reserves to pay future policy benefits and claims. Our reserves do not represent an exact calculation of liability, but rather are actuarial or statistical estimates based on data and models that include many assumptions and projections, which are inherently uncertain and involve the exercise of significant judgment, including assumptions as to the levels and/or timing of receipt or payment of premiums, benefits, claims, expenses, interest credits, investment results (including equity market returns), retirement, mortality, morbidity and persistency. We periodically review the adequacy of reserves and the underlying assumptions. We cannot, however, determine with precision the amounts that we will pay for, or the timing of payment of, actual benefits, claims and expenses or whether the assets supporting our policy liabilities, together with future premiums, will grow to the level assumed prior to payment of benefits or claims. If actual experience differs significantly from assumptions or estimates, reserves may not be adequate. If we conclude that our reserves, together with future premiums, are insufficient to cover future policy benefits and claims, we would be required to increase our reserves and incur income statement charges for the period in which we make the determination, which could materially and adversely affect our results of operations and financial condition.

We may face significant losses if mortality rates, morbidity rates, persistency rates or other underwriting assumptions differ significantly from our pricing expectations.

We set prices for many of our insurance and annuity products based upon expected claims and payment patterns, using assumptions for mortality rates, or likelihood of death, and morbidity rates, or likelihood of sickness, of our policyholders. In addition to the potential effect of natural or man-made disasters, significant changes in mortality or morbidity could emerge gradually over time due to changes in the natural environment, the health habits of the insured population, technologies and treatments for disease or disability, the economic environment, or other factors. The long-term profitability of our insurance and annuity products depends upon how our actual mortality rates, and to a lesser extent actual morbidity rates, compare to our pricing assumptions. In addition, prolonged or severe adverse mortality or morbidity experience could result in increased reinsurance costs, and ultimately, reinsurers might not offer coverage at all. If we are unable to maintain our current level of reinsurance or purchase new reinsurance protection in amounts that we consider sufficient, we would have to accept an increase in our net risk exposures, revise our pricing to reflect higher reinsurance premiums, or otherwise modify our product offering.

Pricing of our insurance and annuity products is also based in part upon expected persistency of these products, which is the probability that a policy will remain in force from one period to the next. Persistency of our annuity products may be significantly and adversely impacted by the increasing value of guaranteed minimum benefits contained in many of our variable annuity products due to poor equity market performance or extended periods of low interest rates as well as other factors. The minimum interest rate guarantees in our fixed annuities may also be more valuable in extended periods of low interest rates. Persistency could be adversely affected generally by developments adversely affecting customer perception of us. Results may also vary based on differences between actual and expected premium deposits and withdrawals for these products. Many of our deferred annuity products also contain optional benefits that may be exercised at certain points within a contract. We set prices for such products using assumptions for the rate of election of deferred annuity living benefits and other optional benefits offered to our contract owners. The profitability of our deferred annuity products may be less than expected, depending upon how actual contract owner decisions to elect or delay the utilization of such benefits compare to our pricing assumptions. The development of a secondary market for life insurance, including stranger-owned life insurance, life settlements or “viaticals” and investor-owned life insurance, and the potential development of third-party investor strategies in the annuities business, could also adversely affect the profitability of existing business and our pricing assumptions for new business. Actual persistency that is lower than our persistency assumptions could have an adverse effect on profitability, especially in the early years of a policy, primarily because we would be required to accelerate the amortization of expenses we defer in connection with the acquisition of the policy. Actual persistency that is higher than our persistency assumptions could have an adverse effect on profitability in the later years of a block of business because the anticipated claims experience is higher in these later years. If actual persistency is significantly different from that assumed in our current reserving assumptions, our reserves for future policy benefits may prove to be inadequate. Although some of our products permit us to increase premiums or adjust other charges and credits during the life of the policy, the adjustments permitted under the terms of the policies may not be sufficient to maintain profitability. Many of our products, however, do not permit us to increase premiums or adjust charges and credits during the life of the policy or during the initial guarantee term of the policy. Even if permitted under the policy, we may not be able or willing to raise premiums or adjust other charges for regulatory or competitive reasons.

Pricing of our products is also based on long-term assumptions regarding interest rates, investment returns and operating costs. Management establishes target returns for each product based upon these factors, the other underwriting assumptions noted above and the average amount of regulatory and rating agency capital that we must hold to support in-force contracts. We monitor and manage pricing and sales to achieve target returns. Profitability from new business emerges over a period of years, depending on the nature and life of the product, and is subject to variability as actual results may differ from pricing assumptions. Our profitability depends on multiple factors, including the comparison of actual mortality, morbidity and persistency rates and policyholder behavior to our assumptions; the adequacy of investment margins; our management of market and credit risks associated with investments; our ability to maintain premiums and contract charges at a level adequate to cover mortality, benefits and contract administration expenses; the adequacy of contract charges and availability of revenue from providers of investment options offered in variable contracts to cover the cost of product features and other expenses; and management of operating costs and expenses.

Unfavorable developments in interest rates, credit spreads and policyholder behavior can result in adverse financial consequences related to our stable value products, and our hedge program and risk mitigation features may not successfully offset these consequences.

We offer stable value products primarily as a fixed rate, liquid asset allocation option for employees of our plan sponsor customers within the defined contribution funding plans offered by our Retirement business. These products are designed to provide a guaranteed annual credited rate (currently between zero and three percent) on the invested assets in addition to enabling participants the right to withdraw and transfer funds at book value.

The sensitivity of our statutory reserves and surplus established for the stable value products to changes in interest rates, credit spreads and policyholder behavior will vary depending on the magnitude of these changes, as well as on the book value of assets, the market value of assets, the guaranteed credited rates available to customers and other product features. Realization or re-measurement of these risks may result in an increase in the reserves for stable value products, and could materially and adversely affect our financial position or results of operations. In particular, in extended low interest rate environments, we bear exposure to the risk that reserves must be added to fund book value withdrawals and transfers when guaranteed annual credited rates exceed the earned rate on invested assets. In a rising interest rate environment, we are exposed to the risk of financial disintermediation through a potential increase in the level of book value withdrawals.

Although we maintain a hedge program and other risk mitigating features to offset these risks, such program and features may not operate as intended or may not be fully effective, and we may remain exposed to such risks.

We may be required to accelerate the amortization of DAC, deferred sales inducements (“DSI”) and/or VOBA, any of which could adversely affect our results of operations or financial condition.

DAC represents policy acquisition costs that have been capitalized. DSI represents benefits paid to contract owners for a specified period that are incremental to the amounts we credit on similar contracts without sales inducements and are higher than the contract's expected ongoing crediting rates for periods after the inducement. VOBA represents outstanding value of in-force business acquired. Capitalized costs associated with DAC, DSI and VOBA are amortized in proportion to actual and estimated gross profits, gross premiums or gross revenues depending on the type of contract. On an ongoing basis, we test the DAC, DSI and VOBA recorded on our balance sheets to determine if these amounts are recoverable under current assumptions. In addition, we regularly review the estimates and assumptions underlying DAC, DSI and VOBA. The projection of estimated gross profits, gross premiums or gross revenues requires the use of certain assumptions, principally related to separate account fund returns in excess of amounts credited to policyholders, policyholder behavior such as surrender, lapse and annuitization rates, interest margin, expense margin, mortality, future impairments and hedging costs. Estimating future gross profits, gross premiums or gross revenues is a complex process requiring considerable judgment and the forecasting of events well into the future. If these assumptions prove to be inaccurate, if an estimation technique used to estimate future gross profits, gross premiums or gross revenues is changed, or if significant or sustained equity market declines occur and/or persist, we could be required to accelerate the amortization of DAC, DSI and VOBA, which would result in a charge to earnings. Such adjustments could have a material adverse effect on our results of operations and financial condition.

Reinsurance subjects us to the credit risk of reinsurers and may not be available, affordable or adequate to protect us against losses.

We cede life insurance policies and annuity contracts or certain risks related to life insurance policies and annuity contracts to other insurance companies using various forms of reinsurance, including coinsurance, modified coinsurance, funds withheld, monthly renewable term and yearly renewable term. However, we remain liable to the underlying policyholders, even if the reinsurer defaults on its obligations with respect to the ceded business. If a reinsurer fails to meet its obligations under the reinsurance contract, we will be forced to bear the entire liability for claims on the reinsured policies. In addition, a reinsurer insolvency may cause us to lose our reserve credits on the ceded business, in which case we would be required to establish additional statutory reserves.

In addition, if a reinsurer does not have accredited reinsurer status, or if a currently accredited reinsurer loses that status, in any state where we are licensed to do business, we are not entitled to take credit for reinsurance in that state if the reinsurer does not post sufficient qualifying collateral (either qualifying assets in a qualifying trust or qualifying LOCs). In this event, we would be required to establish additional statutory reserves. Similarly, the credit for reinsurance taken by our insurance subsidiaries under reinsurance agreements with affiliated and unaffiliated non-accredited reinsurers is, under certain conditions, dependent upon the non-accredited reinsurer's ability to obtain and provide sufficient qualifying assets in a qualifying trust or qualifying LOCs issued by qualifying lending banks. In order to control expenses associated with LOCs, some of our affiliated reinsurers have established and will continue to pursue alternative sources for qualifying reinsurance collateral. If these steps are unsuccessful, or if unaffiliated non-accredited reinsurers that have reinsured business from our insurance subsidiaries are unsuccessful in obtaining sources of qualifying reinsurance collateral, our insurance subsidiaries might not be able to obtain full statutory reserve credit. Loss of reserve credit by an insurance subsidiary would require it to establish additional statutory reserves and would result in a decrease in the level of its capital, which could have a material adverse effect on our profitability, results of operations and financial condition.

Our reinsurance recoverable balances are periodically assessed for uncollectability and there were no significant allowances for uncollectible reinsurance as of December 31, 2015 and December 31, 2014. The collectability of reinsurance recoverables is subject to uncertainty arising from a number of factors, including whether the insured losses meet the qualifying conditions of the reinsurance contract, whether reinsurers or their affiliates have the

financial capacity and willingness to make payments under the terms of the reinsurance contract, and the degree to which our reinsurance balances are secured by sufficient qualifying assets in qualifying trusts or qualifying LOCs issued by qualifying lender banks. Although a substantial portion of our reinsurance exposure is secured by assets held in trusts or LOCs, the inability to collect a material recovery from a reinsurer could have a material adverse effect on our profitability, results of operations and financial condition. For additional information regarding our unsecured reinsurance recoverable balances, see "Item 7A. Quantitative and Qualitative Disclosures about Market Risk—Market Risk Related to Credit Risk" in Part II of this Annual Report on Form 10-K.

The premium rates and other fees that we charge are based, in part, on the assumption that reinsurance will be available at a certain cost. Some of our reinsurance contracts contain provisions that limit the reinsurer's ability to increase rates on in-force business; however, some do not. If a reinsurer raises the rates that it charges on a block of in-force business, in some instances, we will not be able to pass the increased costs onto our customers and our profitability will be negatively impacted. Additionally, such a rate

increase could result in our recapturing of the business, which may result in a need to maintain additional reserves, reduce reinsurance receivables and expose us to greater risks. While in recent years, we have faced a number of rate increase actions on in-force business, our management of those actions has resulted in no material effect on our results of operations or financial condition. However, there can be no assurance that the outcome of future rate increase actions would similarly result in no material effect. In addition, if reinsurers raise the rates that they charge on new business, we may be forced to raise our premiums, which could have a negative impact on our competitive position.

A decrease in the RBC ratio (as a result of a reduction in statutory surplus and/or increase in RBC requirements) of our insurance subsidiaries could result in increased scrutiny by insurance regulators and rating agencies and have a material adverse effect on our business, results of operations and financial condition.

The NAIC has established regulations that provide minimum capitalization requirements based on RBC formulas for insurance companies. The RBC formula for life insurance companies establishes capital requirements relating to asset, insurance, interest rate and business risks, including equity, interest rate and expense recovery risks associated with variable annuities and group annuities that contain guaranteed minimum death and living benefits. Each of our insurance subsidiaries is subject to RBC standards and/or other minimum statutory capital and surplus requirements imposed under the laws of its respective jurisdiction of domicile. For additional discussion of possible updates to how the NAIC calculates RBC ratios, see “Item 1. Business— Regulation —Regulation Affecting Voya Financial, Inc.—Financial Regulation—Risk-Based Capital.”

In any particular year, statutory surplus amounts and RBC ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated by the insurance subsidiary (which itself is sensitive to equity market and credit market conditions), the amount of additional capital such insurer must hold to support business growth, changes in equity market levels, the value and credit ratings of certain fixed-income and equity securities in its investment portfolio, the value of certain derivative instruments that do not receive hedge accounting and changes in interest rates, as well as changes to the RBC formulas and the interpretation of the NAIC’s instructions with respect to RBC calculation methodologies. Many of these factors are outside of our control. Our financial strength and credit ratings are significantly influenced by statutory surplus amounts and RBC ratios. In addition, rating agencies may implement changes to their own internal models, which differ from the RBC capital model, that have the effect of increasing or decreasing the amount of statutory capital we or our insurance subsidiaries should hold relative to the rating agencies’ expectations. In extreme scenarios of equity market declines, sustained periods of low interest rates, rapidly rising interest rates or credit spread widening, the amount of additional statutory reserves that an insurance subsidiary is required to hold for certain types of GICs and variable annuity guarantees and stable value contracts may increase at a greater than linear rate. This increase in reserves would decrease the statutory surplus available for use in calculating the subsidiary’s RBC ratios. To the extent that an insurance subsidiary’s RBC ratios are deemed to be insufficient, we may seek to take actions either to increase the capitalization of the insurer or to reduce the capitalization requirements. If we were unable to accomplish such actions, the rating agencies may view this as a reason for a ratings downgrade.

The failure of any of our insurance subsidiaries to meet its applicable RBC requirements or minimum capital and surplus requirements could subject it to further examination or corrective action imposed by insurance regulators, including limitations on its ability to write additional business, supervision by regulators or seizure or liquidation. Any corrective action imposed could have a material adverse effect on our business, results of operations and financial condition. A decline in RBC ratios, whether or not it results in a failure to meet applicable RBC requirements, may still limit the ability of an insurance subsidiary to make dividends or distributions to us, could result in a loss of customers or new business, and could be a factor in causing ratings agencies to downgrade the insurer’s financial strength ratings, each of which could have a material adverse effect on our business, results of operations and financial condition.

Our statutory reserve financings may be subject to cost increases and new financings may be subject to limited market capacity.

We have financing facilities in place for our previously written business and have remaining capacity in existing facilities to support writings through the end of 2016 or later. However certain of these facilities mature prior to the run off of the reserve liability so that we are subject to cost increases or unavailability of capacity upon the refinancing. If we are unable to refinance such facilities, or if the cost of such facilities were to significantly increase, we could be required to obtain other forms of equity or debt financing in order to prevent a reduction in our statutory capitalization. We could incur higher operating or tax costs if the cost of these facilities were to significantly increase or if the cost of replacement financing were significantly higher. For more details, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facilities and Subsidiary Credit Support Arrangements.”

A significant portion of our institutional funding originates from two Federal Home Loan Banks, which subjects us to liquidity risks associated with sourcing a large concentration of our funding from two counterparties.

A significant portion of our institutional funding agreements originates from the Federal Home Loan Bank of Topeka and the Federal Home Loan Bank of Des Moines (each an "FHLB"). As of December 31, 2015 and 2014, we had \$1.3 billion and \$1.4 billion of non-putable funding agreements in force, respectively, in exchange for eligible collateral in the form of cash, mortgage backed securities, commercial real estate and U.S. Treasury securities. Should the FHLBs choose to change their definition of eligible collateral, or if the market value of the pledged collateral decreases in value due to changes in interest rates or credit ratings, we may be required to post additional amounts of collateral in the form of cash or other eligible collateral. Additionally, we may be required to find other sources to replace this funding if we lose access to FHLB funding. This could occur if our creditworthiness falls below either of the FHLB's requirements or if legislative or other political actions cause changes to the FHLBs' mandate or to the eligibility of life insurance companies to be members of the FHLB system.

Any failure to protect the confidentiality of customer information could adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operation.

Our businesses and relationships with customers are dependent upon our ability to maintain the confidentiality of our and our customers' trade secrets, personal information and other confidential information (including customer transactional data and personal information about our customers, the employees and customers of our customers, and our own employees). We are also subject to numerous federal and state laws regarding the privacy and security of personal information, which laws vary significantly from jurisdiction to jurisdiction. Many of our employees and contractors and the representatives of our broker-dealer subsidiaries have access to and routinely process personal information in computerized, paper and other forms. We rely on various internal policies, procedures and controls to protect the confidentiality of personal information that is accessible to, or in the possession of, us or our employees, contractors and representatives. It is possible that an employee, contractor or representative could, intentionally or unintentionally, disclose or misappropriate personal information or other confidential information. If we fail to maintain adequate internal controls, including any failure to implement newly-required additional controls, or if our employees, contractors or representatives fail to comply with our policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of personal information or confidential customer information could occur. Such internal control inadequacies or non-compliance could materially damage our reputation, result in regulatory action or lead to civil or criminal penalties, which, in turn, could have a material adverse effect on our business, reputation, results of operations and financial condition. For additional risks related to our potential failure to protect confidential information, see "—Interruption or other operational failures in telecommunication, information technology, and other operational systems, including as a result of human error, could harm our business," and "—A failure to maintain the security, integrity, confidentiality or privacy of our telecommunication, information technology or other operational systems, or the sensitive data residing on such systems, could harm our business."

Interruption or other operational failures in telecommunication, information technology and other operational systems, including as a result of human error, could harm our business.

We are highly dependent on automated and information technology systems to record and process both our internal transactions and transactions involving our customers, as well as to calculate reserves, value invested assets and complete certain other components of our U.S. GAAP and statutory financial statements. We could experience a failure of one of these systems, our employees or agents could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner, or our employees or agents could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or implementing modifications to an existing system. Despite the implementation of security and back-up measures, our information technology systems may remain vulnerable to disruptions. We may also be subject to disruptions of any of these

systems arising from events that are wholly or partially beyond our control (for example, natural disasters, acts of terrorism, epidemics, computer viruses and electrical/telecommunications outages). All of these risks are also applicable where we rely on outside vendors to provide services to us and our customers and third party service providers, including those to whom we outsource certain of our functions. The failure of any one of these systems for any reason, or errors made by our employees or agents, could in each case cause significant interruptions to our operations, which could harm our reputation, adversely affect our internal control over financial reporting, or have a material adverse effect on our business, results of operations and financial condition.

Recently, central banks in Europe and Japan have begun to pursue negative interest rate policies, and the FOMC has not ruled out the possibility that the Federal Reserve would adopt a negative interest rate policy for the United States if circumstances so warranted. Because negative interest rates are largely unprecedented, there is uncertainty as to whether the technology used by financial institutions, including us, could operate correctly in such a scenario. Should negative interest rates emerge, our hardware

or software, or the hardware or software used by our contractual counterparties and financial services providers, may not function as expected or at all. In such a case, our financial results and our operations could be adversely affected.

A failure to maintain the security, integrity, confidentiality or privacy of our telecommunication, information technology or other operational systems, or the sensitive data residing on such systems, could harm our business.

We are highly dependent on automated telecommunications, information technology and other operational systems to record and process our internal transactions and transactions involving our customers. Despite the implementation of security and back-up measures, our information technology systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors, and similar disruptions. Businesses in the United States and in other countries have increasingly become the targets of “cyberattacks”, “hacking” or similar illegal or unauthorized intrusions into computer systems and networks. Such events are often highly publicized, result in the theft of significant amounts of information, and cause extensive damage to the reputation of the targeted business, in addition to leading to significant expenses associated with investigation, remediation and customer protection measures. Like others in our industry, we are subject to cyber incidents in the ordinary course of our business. Although we seek to limit our vulnerability to such events through technological and other means, it is not possible to anticipate or prevent all potential forms of cyberattack or to guarantee our ability to fully defend against all such attacks. In addition, due to the sensitive nature of much of the financial and other personal information we maintain, we may be at particular risk for targeting.

We retain confidential information in our information technology systems, and we rely on industry standard commercial technologies to maintain the security of those systems. Anyone who is able to circumvent our security measures and penetrate our information technology systems could access, view, misappropriate, alter, or delete information in the systems, including personal information and proprietary business information. Information security risks also exist with respect to the use of portable electronic devices, such as laptops, which are particularly vulnerable to loss and theft. The laws of most states require that individuals be notified if a security breach compromises the security or confidentiality of their personal information. Any attack or other breach of the security of our information technology systems that compromises personal information or that otherwise results in unauthorized disclosure or use of personal information, could damage our reputation in the marketplace, deter purchases of our products, subject us to heightened regulatory scrutiny, sanctions, significant civil and criminal liability or other adverse legal consequences and require us to incur significant technical, legal and other expenses.

Our third party service providers, including third parties to whom we outsource certain of our functions are also subject to the risks outlined above, any one of which could result in our incurring substantial costs and other negative consequences, including a material adverse effect on our business, results of operations and financial condition.

Changes in accounting standards could adversely impact our reported results of operations and our reported financial condition.

Our financial statements are subject to the application of U.S. GAAP, which is periodically revised or expanded. Accordingly, from time to time we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board (“FASB”). It is possible that future accounting standards we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material adverse effect on our results of operations and financial condition.

FASB is working on several projects which could result in significant changes in U.S. GAAP, including how we account for our insurance contracts and financial instruments and how our financial statements are presented. The changes to U.S. GAAP could affect the way we account for and report significant areas of our business, could impose special demands on us in the areas of governance, employee training, internal controls and disclosure and will likely

affect how we manage our business.

We may be required to establish an additional valuation allowance against the deferred income tax asset if: (i) our business does not generate sufficient taxable income; (ii) there is a significant decline in the fair market value of our investment portfolio; or (iii) our tax planning strategies are modified. Increases in the deferred tax valuation allowance could have a material adverse effect on our results of operations and financial condition.

Deferred income tax represents the tax effect of the differences between the book and tax basis of assets and liabilities. Deferred tax assets represent the tax benefit of future deductible temporary differences, operating loss carryforwards and tax credits carryforward. We periodically evaluate and test our ability to realize our deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. In assessing the more likely than not criteria, we consider future taxable income as well as prudent tax planning strategies. Future facts, circumstances, tax law changes and FASB developments may result in an increase in the valuation

allowance. An increase in the valuation allowance could have a material adverse effect on the Company's results of operations and financial condition.

As of December 31, 2015, we have a net deferred tax asset balance of \$2.2 billion. Recognition of this asset has been based on projections of future taxable income and on tax planning related to unrealized gains on investment assets. To the extent that our estimates of future taxable income decrease or if actual future taxable income is less than the projected amounts, the recognition of the deferred tax asset may be reduced. Also, to the extent unrealized gains decrease, the tax benefit may be reduced. Any reduction in the deferred tax asset may be recorded as a tax expense in tax on continuing operations based on the intra period tax allocation rules described in ASC Topic 740, "Income Taxes."

Our ability to use certain beneficial U.S. tax attributes is subject to limitations.

Section 382 ("Section 382") and Section 383 of the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), operate as anti-abuse rules, the general purpose of which is to prevent trafficking in tax losses and credits, but which can apply without regard to whether a "loss trafficking" transaction occurs or is intended. These rules are triggered by the occurrence of an ownership change—generally defined as when the ownership of a company, or its parent, changes by more than 50% (measured by value) on a cumulative basis in any three year period ("Section 382 event"). If triggered, the amount of the taxable income for any post-change year which may be offset by a pre-change loss is subject to an annual limitation. Generally speaking, this limitation is derived by multiplying the fair market value of the Company immediately before the date of the Section 382 event by the applicable federal long-term tax-exempt rate. Although we experienced a Section 382 event during the quarter ended March 31, 2014, the deferred tax asset, the valuation allowance, and the admitted deferred tax asset did not change as a result of this event. As of December 31, 2015 the Company has net operating losses and capital losses of approximately \$2.7 billion and tax credits of approximately \$250 million subject to the annual Section 382 limitations. As part of our participation in the IRS's Compliance Assurance Process ("CAP"), in December 2014, we entered into an Issue Resolution Agreement ("IA") with the IRS relating to the Internal Revenue Code Section 382 calculation of the annual limitation on the use of certain of the Company's federal tax attributes that will apply as a consequence of the Section 382 event experienced by the Company in March 2014. Under the IA, this annual limitation is estimated to be (i) for the 2014 to 2018 tax years, approximately \$520 million per year, plus certain capital gains and (ii) for the 2019 and subsequent tax years, \$450 million per year. To the extent the annual limitation is not met within any one year the excess will be available in subsequent years. The annual limitation under the IA will apply to an amount estimated to be not greater than approximately \$2.9 billion of the Company's federal tax attributes related to net operating losses and capital losses and approximately \$270 million related to tax credits. We do not expect the annual limitation to impact our ability to utilize the losses or credits. As with issue resolution agreements entered into under the CAP, the matters addressed by the IA may be re-visited by the IRS in connection with a tax audit or other an examination or inquiry of the Company's tax position.

Our business may be negatively affected by adverse publicity or increased governmental and regulatory actions with respect to us, other well-known companies or the financial services industry in general.

Governmental scrutiny with respect to matters relating to compensation, compliance with regulatory and tax requirements and other business practices in the financial services industry has increased dramatically in the past several years and has resulted in more aggressive and intense regulatory supervision and the application and enforcement of more stringent standards. The financial crisis of 2008-09 and current political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators and elected officials. Press coverage and other public statements that assert some form of wrongdoing, regardless of the factual basis for the assertions being made, could result in some type of inquiry or investigation by regulators, legislators and/or law enforcement officials or in lawsuits. Responding to these inquiries, investigations and lawsuits, regardless of the ultimate outcome of the proceeding, is time-consuming and expensive and can divert the time and effort of our senior management from its business. Future legislation or

regulation or governmental views on compensation may result in us altering compensation practices in ways that could adversely affect our ability to attract and retain talented employees. Adverse publicity, governmental scrutiny, pending or future investigations by regulators or law enforcement agencies and/or legal proceedings involving us or our affiliates, could also have a negative impact on our reputation and on the morale and performance of employees, and on business retention and new sales, which could adversely affect our businesses and results of operations.

Litigation may adversely affect our profitability and financial condition.

We are, and may be in the future, subject to legal actions in the ordinary course of insurance, investment management and other business operations. Some of these legal proceedings may be brought on behalf of a class. Plaintiffs may seek large or indeterminate amounts of damage, including compensatory, liquidated, treble and/or punitive damages. Our reserves for litigation may prove to be inadequate and insurance coverage may not be available or may be declined for certain matters. It is possible that our results

of operations or cash flows in a particular interim or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation depending, in part, upon the results of operations or cash flows for such period. Given the large or indeterminate amounts sometimes sought, and the inherent unpredictability of litigation, it is also possible that in certain cases an ultimate unfavorable resolution of one or more pending litigation matters could have a material adverse effect on our financial condition.

A loss of, or significant change in, key product distribution relationships could materially affect sales.

We distribute certain products under agreements with affiliated distributors and other members of the financial services industry that are not affiliated with us. We compete with other financial institutions to attract and retain commercial relationships in each of these channels, and our success in competing for sales through these distribution intermediaries depends upon factors such as the amount of sales commissions and fees we pay, the breadth of our product offerings, the strength of our brand, our perceived stability and financial strength ratings, and the marketing and services we provide to, and the strength of the relationships we maintain with, individual distributors. An interruption or significant change in certain key relationships could materially affect our ability to market our products and could have a material adverse effect on our business, operating results and financial condition. Distributors may elect to alter, reduce or terminate their distribution relationships with us, including for such reasons as changes in our distribution strategy, adverse developments in our business, adverse rating agency actions or concerns about market-related risks. Alternatively, we may terminate one or more distribution agreements due to, for example, a loss of confidence in, or a change in control of, one of the distributors, which could reduce sales.

We are also at risk that key distribution partners may merge or change their business models in ways that affect how our products are sold, either in response to changing business priorities or as a result of shifts in regulatory supervision or potential changes in state and federal laws and regulations regarding standards of conduct applicable to distributors when providing investment advice to retail and other customers.

The occurrence of natural or man-made disasters may adversely affect our results of operations and financial condition.

We are exposed to various risks arising from natural disasters, including hurricanes, climate change, floods, earthquakes, tornadoes and pandemic disease, as well as man-made disasters and core infrastructure failures, including acts of terrorism, military actions, power grid and telephone/internet infrastructure failures, which may adversely affect AUM, results of operations and financial condition by causing, among other things:

- losses in our investment portfolio due to significant volatility in global financial markets or the failure of counterparties to perform;

- changes in the rate of mortality, claims, withdrawals, lapses and surrenders of existing policies and contracts, as well as sales of new policies and contracts; and

- disruption of our normal business operations due to catastrophic property damage, loss of life, or disruption of public and private infrastructure, including communications and financial services.

There can be no assurance that our business continuation and crisis management plan or insurance coverages would be effective in mitigating any negative effects on operations or profitability in the event of a disaster, nor can we provide assurance that the business continuation and crisis management plans of the independent distributors and outside vendors on whom we rely for certain services and products would be effective in mitigating any negative effects on the provision of such services and products in the event of a disaster.

Claims resulting from a catastrophic event could also materially harm the financial condition of our reinsurers, which would increase the probability of default on reinsurance recoveries. Our ability to write new business could also be adversely affected.

In addition, the jurisdictions in which our insurance subsidiaries are admitted to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which raise funds to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers. It is possible that a catastrophic event could require extraordinary assessments on our insurance companies, which may have a material adverse effect on our business, results of operations and financial condition.

The loss of key personnel could negatively affect our financial results and impair our ability to implement our business strategy.

Our success depends in large part on our ability to attract and retain key people. Intense competition exists for key employees with demonstrated ability, and we may be unable to hire or retain such employees. Our key employees include investment professionals, such as portfolio managers, sales and distribution professionals, actuarial and finance professionals and information technology professionals. While we do not believe that the departure of any particular individual would cause a material adverse effect on our operations, the unexpected loss of several of our senior management, portfolio managers or other key employees could have a material adverse effect on our operations due to the loss of their skills, knowledge of our business, and their years of industry experience as well as the potential difficulty of promptly finding qualified replacement employees. We also rely upon the knowledge and experience of employees involved in functions that require technical expertise in order to provide for sound operational controls for our overall enterprise, including the accurate and timely preparation of required regulatory filings and U.S. GAAP and statutory financial statements and operation of internal controls. A loss of such employees could adversely impact our ability to execute key operational functions and could adversely affect our operational controls, including internal controls over financial reporting.

If we experience difficulties arising from outsourcing relationships, our ability to conduct business may be compromised, which may have an adverse effect on our business and results of operations.

As we continue to focus on reducing the expense necessary to support our operations, we have increasingly used outsourcing strategies for certain technology and business functions. If third-party providers experience disruptions or do not perform as anticipated, or we experience problems with a transition, we may experience operational difficulties, an inability to meet obligations, including, but not limited to, policyholder obligations, increased costs and a loss of business that may have a material adverse effect on our business and results of operations. For other risks associated with our outsourcing of certain functions, see “—Interruption or other operational failures in telecommunication, information technology, and other operational systems, including as a result of human error, could harm our business,” and “—A failure to maintain the security, integrity, confidentiality or privacy of our telecommunication, information technology or other operational systems, or the sensitive data residing on such systems, could harm our business.”

We may not be able to protect our intellectual property and may be subject to infringement claims.

We rely on a combination of contracts and copyright, trademark, patent and trade secret laws to protect our intellectual property. Although we endeavor to protect our rights, third parties may infringe upon or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, and trade secrets or to determine their scope, validity or enforceability. This would represent a diversion of resources that may be significant and our efforts may not prove successful. The inability to secure or protect our intellectual property could have a material adverse effect on our business and our ability to compete.

We may also be subject to claims by third parties for (i) patent, trademark or copyright infringement, (ii) breach of contractual patent, trademark or copyright license rights, or (iii) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If we were found to have infringed or misappropriated a third-party intellectual property right, we could in some circumstances be enjoined from providing certain products or services to our customers or from utilizing and benefiting from certain methods, processes, technology copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly work around. Any of these scenarios could have a material adverse effect on our business and results of operations.

We may incur further liabilities in respect of our defined benefit retirement plans for our employees if the value of plan assets is not sufficient to cover potential obligations, including as a result of differences between results underlying actuarial assumptions and models.

We operate various defined benefit retirement plans covering a significant number of our employees. The liability recognized in our consolidated balance sheet in respect of our defined benefit plans is the present value of the defined benefit obligations at the balance sheet date, less the fair value of each plan's assets. We determine our defined benefit plan obligations based on external actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions including discount rates, rates of increase in future salary and benefit levels, mortality rates, consumer price index and the expected return on plan assets. These assumptions are updated annually based on available market data and the expected performance of plan assets. Nevertheless, the actuarial assumptions may differ significantly from actual results due to changes in market conditions, economic and mortality trends and other assumptions. Any changes in these assumptions could have a significant impact on our

present and future liabilities to and costs associated with our defined benefit retirement plans and may result in increased expenses and reduce our profitability.

When contributing to our qualified retirement plans, we will take into consideration the minimum and maximum amounts required by ERISA, the attained funding target percentage of the plan, the variable-rate premiums that may be required by the PBGC, and any funding relief that might be enacted by Congress. These factors could lead to increased PBGC variable-rate premiums and/or increases in plan funding in future years.

Although our retail variable annuity products are now managed within our CBVA segment, we continue to offer variable annuity products and other products with similar features in our ongoing business.

In 2009, we decided to cease sales of retail variable annuities with substantial guarantee features and now manage that business within our CBVA segment. However, we continue to offer variable annuity products in our ongoing business as well as products that have some of the features of variable annuities such as guaranteed benefits. For example, certain of the deferred annuities sold by our Retirement segment are on group and individual variable annuity policy forms, since these product types allow customers to allocate their retirement savings to a variety of different investment options. These products may contain guaranteed death benefit features, but they do not offer guaranteed living benefit features of the type found within the CBVA segment.

Our Annuities segment also offers guaranteed withdrawal benefit provisions on certain indexed annuity products.

To the extent that the foregoing risk-control measures do not sufficiently mitigate the risks of the GLWB and to the extent that we continue to offer variable annuity products and products with similar features in our ongoing business, the risks described below under “Risks Related to Our CBVA Segment” will impact our ongoing business.

Risks Related to Our CBVA Segment

Although we no longer actively market retail variable annuities, our business, results of operations, financial condition and liquidity will continue to be affected by our CBVA segment for the foreseeable future.

Our CBVA segment consists of retail variable annuity insurance policies sold primarily from 2001 to early 2010, when the block entered run-off. This segment represented 14.2% of our total AUM as of December 31, 2015, income (loss) before income taxes was \$(173.3) million, \$(239.2) million and \$(1,211.3) million for the years ended December 31, 2015, 2014, and 2013, respectively. Revenues for the segment were \$1,584.5 million, \$1,262.0 million and \$(728.2) million for the years ended December 31, 2015, 2014, and 2013, respectively. See “Item 1. Business—Closed Blocks—CBVA.” These products offered long-term savings vehicles in which customers (policyholders) made deposits that were invested, largely at the customer’s direction, in a variety of U.S. and international equity, fixed income, real estate and other investment options. In addition, these products provided customers with the option to purchase living benefit riders, including GMWBL, GMIB, GMAB and GMWB. All retail variable annuity products include GMDB. In 2009, we decided to cease sales of retail variable annuity products with substantial guarantee features. In early 2010, we ceased all new sales of these products with substantial guarantees, although we continue to accept new deposits in accordance with, and subject to the limitations of, the provisions of existing contracts.

Market movements and actuarial assumption changes (including, with respect to policyholder behavior and mortality) can result in material adverse impacts to our results of operations, financial condition and liquidity. Because policyholders have various contractual rights to defer withdrawals, annuitization and/or maturity of their contracts, the nature and period of contract maturity is subject to policyholder behavior and is therefore indeterminate. Future market movements and changes in actuarial assumptions can result in significant earnings and liquidity impacts, as well as increases in regulatory reserve and capital requirements for the CBVA segment. The latter may necessitate additional capital contributions into the business and/or adversely impact dividend capacity.

Our CBVA segment is subject to market risks.

Our CBVA segment is subject to a number of market risks, primarily associated with U.S. and other global equity market values and interest rates. For example, declining equity market values, increasing equity market volatility, declining interest rates or a prolonged period of low interest rates can result in an increase in the valuation of future policy benefits, reducing our net income. Declining market values for bonds and equities also reduce the account balances of our variable annuity contracts, and since we collect fees and risk charges based on these account balances, our net income may be further reduced.

Declining interest rates, a prolonged period of low interest rates, increased equity market volatility or declining equity market values may also subject us to increased hedging costs. Market events can cause an increase in the amount of statutory reserves that our insurance subsidiaries are required to hold for variable annuity guarantees, lowering their statutory surplus, which would adversely impact their ability to pay dividends to us. An increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds, which also might affect the value of the underlying guarantees within these variable annuities.

The performance of our CBVA segment depends on assumptions that may not be accurate.

Our CBVA segment is subject to risks associated with the future behavior of policyholders and future claims payment patterns, using assumptions for mortality experience, lapse rates, GMIB annuitization rates and GMWBL withdrawal rates. We are required to make assumptions about these behaviors and patterns, which may not reflect the actual behaviors and patterns we experience in the future. It is possible that future assumption changes could produce reserve changes that could be material. Any such increase to reserves could require us to make material additional capital contributions to one or more of our insurance company subsidiaries or could otherwise be material and adverse to the results of operations or financial condition of the Company.

In particular, we have only minimal experience regarding the long-term implications of policyholder behavior for our GMIB and as a result, future experience could lead to significant changes in our assumptions. Our GMIB contracts, most of which were issued during the period from 2004 to 2006, have a ten-year waiting period before annuitization is available. These contracts first become eligible to annuitize during the period from 2014 through 2016, but contain significant incentives to delay annuitization beyond the first eligibility date. In addition, during 2014 and 2015, we made two income enhancement offers to holders of particular series of GMIB contracts, under which policy holders were offered an incentive to annuitize prior to the end of the waiting period, and we have waived the remaining waiting period on these GMIB contracts. As a result, although we have increased experience on policyholder behavior for the first opportunity to annuitize, including from the acceptance rates of the income enhancement offers, we continue to have only a statistically small sample of experience used to set annuitization rates beyond the first eligibility date. Therefore, we anticipate that observable experience data will become statistically credible later in this decade, when a large volume of GMIB benefits begin to reach their maximum benefit over the four-year period from 2019 to 2022.

Similarly, most of our GMWBL contracts are still in the first seven to nine policy years, so our assumptions for withdrawal from contracts with GMWBL benefits may change as experience emerges. In addition, many of our GMWBL contracts contain significant incentives to delay withdrawal. Our experience for GMWBL contracts has recently become more credible, however it is possible that policyholders may choose to withdraw sooner or later than our current best estimate assumes. We expect customer decisions on withdrawal will be influenced by their financial plans and needs as well as by interest rate and market conditions over time and by the availability and features of competing products.

We also make estimates of expected lapse rates, which represent the probability that a policy will not remain in force from one period to the next, for contracts in the CBVA segment. Lapse rates of our variable annuity contracts may be significantly impacted by the value of guaranteed minimum benefits relative to the value of the underlying separate accounts (account value or account balance). In general, policies with guarantees that are “in the money” are assumed to be less likely to lapse. Conversely, “out of the money” guarantees are assumed to be more likely to lapse as the policyholder has less incentive to retain the policy. Lapse rates could also be adversely affected generally by developments that affect customer perception of us.

Our variable annuity lapse rate experience has varied significantly over the period from 2006 to the present, reflecting among other factors, both pre-and post-financial crisis experience. Relative to our current expectations, actual lapse rates have generally demonstrated a declining trend over the period from 2006 to the present. We analyze actual

experience over that entire period, as we believe that over the duration of the variable annuity policies we may experience the full range of policyholder behavior and market conditions. However, management's current best estimate of variable annuity policyholder lapse behavior is weighted more heavily toward more recent experience, as the last three years of data have shown a more consistent trend of lapse behavior.

Actual lapse rates that are lower than our lapse rate assumptions could have an adverse effect on profitability in the later years of a block of business because the anticipated claims experience may be higher than expected in these later years, and, as discussed above, future reserve increases in connection with experience updates could be material and adverse to the results of operations or financial condition of the Company.

We make estimates regarding mortality, which refers to the ceasing of life contingent benefit payments due to the death of the annuitant. Mortality also refers to the incidence of death amongst policyholders triggering the payment of Guaranteed Minimum Death Benefits. We use a combination of actual and industry experience when setting our mortality assumptions.

We review overall policyholder experience at least annually (including lapse, annuitization, withdrawal and mortality), and update these assumptions when deemed necessary based on additional information that becomes available. As customer experience continues to materialize, we may adjust our assumptions. We increased reserves in the fourth quarter of 2011 after a comprehensive review of our assumptions relating to lapses, mortality, annuitization of income benefits and utilization of withdrawal benefits. The review in 2011 included an analysis of a larger body of actual experience than was previously available, including a longer period with low equity markets and interest rates, which we believe provided greater insight into anticipated policyholder behavior for contracts that are in the money. This resulted in an increase of U.S. GAAP reserves of \$741 million and gross U.S. statutory reserves of \$2,776 million in the fourth quarter of 2011.

During the third quarters of 2015, 2014 and 2013, we conducted our annual review of assumptions, including projection model inputs. Annual assumption changes and revisions to projection model inputs implemented during 2015 resulted in a loss of \$86.0 million. This \$86.0 million loss included an unfavorable \$43.0 million resulting from policyholder behavior assumption changes primarily related to an update to lapse assumptions, partially offset by a favorable \$27.4 million resulting from changes to mortality assumptions. The loss also included an unfavorable \$70.4 million as a result of updates we have made to other assumptions, principally relating to expected earned rates on certain investment options available to variable annuity contractholders, discount rates applicable to future cash flows from variable annuity contracts, and long-term volatility.

Annual assumption changes and revisions to projection model inputs implemented during 2014 resulted in a gain of \$102.3 million (excluding a gain of \$37.9 million due to changes in the technique used to estimate nonperformance risk). This \$102.3 million gain included a favorable \$170.2 million resulting from policyholder behavior assumption changes partially offset by an unfavorable \$40.5 million resulting from changes to mortality assumptions. The gain from policyholder behavior assumption changes was primarily due to an update to the utilization assumption on GMWBL contracts, partially offset by an unfavorable result from an update to lapse assumptions.

The 2013 result included a loss of \$185.3 million (excluding a gain of \$144.6 million due to changes in the technique used to estimate nonperformance risk) due to annual assumption changes. This \$185.3 million loss included an unfavorable \$117.9 million resulting from changes to mortality assumptions and unfavorable \$85.5 million resulting from policyholder behavior assumption changes primarily related to an update to lapse assumptions..

We will continue to monitor the emergence of experience. If adjustments to policyholder behavior assumptions (e.g., lapse, annuitization and withdrawal) are necessary, which is ordinary course for interest-sensitive long-dated liabilities, we anticipate that the financial impact of such a change (either under U.S. GAAP or due to increases or decreases in gross U.S. statutory reserves) will likely be in a range, either up or down, that is generally consistent with the impact experienced in the past three years.

Our Variable Annuity Hedge Program currently focuses on the protection of regulatory and rating agency capital from market movements and less on the U.S. GAAP earnings impact of this block, which could result in materially lower or more volatile U.S. GAAP earnings.

Our Variable Annuity Hedge Program currently focuses on the protection of regulatory and rating agency capital from market movements rather than on the U.S. GAAP earnings impact of this block. U.S. GAAP accounting differs from the methods used to determine regulatory and rating agency capital measures. Therefore our Variable Annuity Hedge Program may create earnings volatility in our U.S. GAAP financial statements, or produce lower U.S. GAAP income or U.S. GAAP losses compared to what our unhedged results would have been. In general, in any given period rising equity market values can produce losses in our Variable Annuity Hedge Program that substantially exceed the benefit we derive from the associated decrease in valuation of the future policy benefits associated with CBVA products on a U.S. GAAP basis, and the impact of declining markets can produce gains in our Variable Annuity Hedge Program that substantially exceed the loss we derive from the associated increase in valuation of the future policy benefits on a U.S.

GAAP basis. We recorded net gains (losses) related to incurred guaranteed benefits and guaranteed benefit hedging, including the CHO program, but excluding the effect of nonperformance risk, of \$(1,114.8) million, \$(1,575.3) million, and \$(1,673.3) million for the years ended December 31, 2015, 2014, and 2013, respectively. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Company Consolidated.”

As stated above, the primary focus of the hedge program is to protect regulatory and rating agency capital from market movements. Hedge ineffectiveness, along with other aspects not directly hedged (including unexpected policyholder experience), may cause losses of regulatory or rating agency capital. Regulatory and rating agency capital requirements may move disproportionately (i.e., they may change by different amounts as market conditions and other factors change), and, therefore, this could also cause our hedge program to not realize its key objective of protecting both regulatory and rating agency capital from market movements.

Our Variable Annuity Hedge Program may not be effective and may be more costly than anticipated.

We periodically re-evaluate our Variable Annuity Hedge Program to respond to changing market conditions and balance the trade-offs among several important factors, including regulatory reserves, rating agency capital, underlying economics, earnings and other factors. While our Variable Annuity Hedge Program is intended to balance numerous critical metrics, we are subject to the risk that our strategies and other management decisions may prove ineffective or that unexpected policyholder experience, alone or in combination with unfavorable market events, may produce losses or unanticipated cash needs beyond the scope of the risk management strategies employed. The Variable Annuity Hedge Program assumes that hedge positions can be rebalanced during a market shock and that the performance of the derivative contracts reasonably matches the performance of the contract owners' variable fund returns. In addition, our Variable Annuity Hedge Program does not hedge certain non-market risks inherent in this segment, including business, credit, insurance and operational risks; any of these risks could cause us to experience unanticipated losses or cash needs. For example, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralized. Finally, the cost of the Variable Annuity Hedge Program itself may be greater than anticipated as adverse market conditions can limit the availability and increase the costs of the hedging instruments we employ, and such costs may not be recovered in the pricing of the underlying products being hedged. For example, the cost of hedging guaranteed minimum benefits increases as market volatilities increase and/or interest rates decrease, resulting in a reduction to net income.

Risks Related to Regulation

Our businesses and those of our affiliates are heavily regulated and changes in regulation or the application of regulation may reduce our profitability.

We are subject to detailed insurance, asset management and other financial services laws and government regulation. In addition to the insurance, asset management and other regulations and laws specific to the industries in which we operate, regulatory agencies have broad administrative power over many aspects of our business, which may include ethical issues, money laundering, privacy, recordkeeping and marketing and sales practices. Also, bank regulators and other supervisory authorities in the United States and elsewhere continue to scrutinize payment processing and other transactions under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. The financial market dislocations we have experienced have produced, and are expected to continue to produce, extensive changes in existing laws and regulations applicable to our businesses.

Compliance with applicable laws and regulations is time consuming and personnel-intensive, and changes in laws and regulations may materially increase the cost of compliance and other expenses of doing business. There are a number of risks that may arise where applicable regulations may be unclear, subject to multiple interpretations or under development or where regulations may conflict with one another, where regulators revise their previous guidance or courts overturn previous rulings, which could result in our failure to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against us, which could result, among other things, in suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm our results of operations and financial condition. If we fail to address, or appear to fail to address, appropriately any of these matters, our reputation could be harmed and we could be subject to additional legal risk, which could increase the size and number of claims and damages asserted against us or subject us to enforcement actions, fines and penalties. See "Item 1. Business—Regulation" for further discussion of the impact of regulations on our businesses.

The Health Care Act significantly impacts how employers provide health care to employees and how individuals obtain health care insurance. There is uncertainty surrounding the impact of the Health Care Act on insurers which may create risks to products we offer, including Stop Loss Insurance sold to employers offering self-insured health

plans. In addition, should the Treasury Department issue guidance concluding that insurers offering Stop Loss Insurance are considered health care providers, we may face adverse tax or other financial consequences.

Our insurance businesses are heavily regulated, and changes in regulation in the United States, enforcement actions and regulatory investigations may reduce profitability.

Our insurance operations are subject to comprehensive regulation and supervision throughout the United States. State insurance laws regulate most aspects of our insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and the states in which they are licensed. The primary purpose of state regulation is to protect policyholders, and not necessarily to protect creditors and investors. See “Item 1. Business—Regulation—Insurance Regulation.”

State insurance guaranty associations have the right to assess insurance companies doing business in their state in order to help pay the obligations of insolvent insurance companies to policyholders and claimants. Because the amount and timing of an assessment is beyond our control, liabilities we have currently established for these potential assessments may not be adequate. State insurance regulators, the NAIC and other regulatory bodies regularly reexamine existing laws and regulations applicable to insurance companies and their products. Changes in these laws and regulations, or in interpretations thereof, are often made for the benefit of the consumer at the expense of the insurer and could materially and adversely affect our business, results of operations or financial condition. We currently use captive reinsurance subsidiaries primarily to reinsure term life insurance, universal life insurance with secondary guarantees, and stable value annuity business. We also use our Arizona captive primarily to reinsure life insurance and annuity business from our insurance subsidiaries. Uncertainties associated with continued use of our captive reinsurance subsidiaries and our Arizona captive are primarily related to potential regulatory changes. In June 2014, the NAIC adopted a new regulatory framework set out in the Rector Report for captives assuming XXX and AXXX business. In December 2014, the NAIC adopted AG48 which established a new regulatory requirement applicable to XXX and AXXX reserves ceded to reinsurers, including affiliated reinsurers, as the first step in implementing the Rector framework. AG48 limits the type of assets that may be used as collateral to cover the XXX and AXXX statutory reserves and is applied prospectively to existing reinsurance transactions that reinsure policies issued on or after January 1, 2015 and new reinsurance transactions entered into on or after January 1, 2015. The NAIC has charged multiple working groups with the responsibility to prepare regulations that would codify the Rector framework and that work continues at the NAIC. In 2014, the NAIC also considered a proposal to require states to apply NAIC accreditation standards, applicable to traditional insurers, to captive reinsurers. In 2015, the NAIC adopted such a proposal, in the form of a revised preamble to the NAIC accreditation standards (the "Standard"), with an effective date of January 1, 2016 for application of the Standard to captives that assume XXX and AXXX business. Under the Standard, a state will be deemed in compliance as it relates to XXX and AXXX captives if the applicable reinsurance transaction satisfies AG 48. In addition, the Standard applies prospectively, so that XXX/AXXX captives will not be subject to the Standard if reinsured policies were issued prior to January 1, 2015 and ceded so that they were part of a reinsurance arrangement as of December 31, 2014. The NAIC left or future action application of the Standard to captives that assume variable annuity business. As drafted, it appears that the Standard would apply to our Arizona captive. During 2015, the NAIC E Committee established the VAIWG to oversee the NAIC's efforts to study and address, as appropriate, regulatory issues resulting in variable annuity captive reinsurance transactions. The VAIWG retained Oliver Wyman to study the industry's use of variable annuity captive reinsurance and to develop a set of recommended changes to address the issues involving variable annuity captives. In September 2015, Oliver Wyman issued an initial report, which was adopted by the VAIWG, outlining its preliminary findings and making recommendations for enhancements to the variable annuity statutory framework. In November 2015, upon the recommendation of the VAIWG, the E Committee adopted the VA Framework for Change which recommends charges for NAIC working groups to adjust the variable annuity statutory framework applicable to all insurers that have written or are writing variable annuity business. The VA Framework for Change contemplates a holistic set of reforms that would improve the current reserve and capital framework and address root cause issues that result in the use of captive arrangements. Although the VA Framework for Change recommends an effective date of January 1, 2017, the timing of these proposals remains uncertain. In November 2015, the NAIC also approved funding for a quantitative impact study, to be conducted by Oliver Wyman and involving industry participants including the Company, of various reforms outlined in the VA Framework for Change (the "QIS Study").

We cannot predict what revisions, if any, will be made to the Rector framework or the Standard for application to captives that assume XXX or AXXX business, as multiple NAIC working groups undertake their implementation, to the VA Framework for change proposal as a result of the QIS Study and ongoing NAIC deliberations, or to the Standard, if adopted for variable annuity captives. It is also unclear whether these or other proposals will be adopted by the NAIC, or what additional actions and regulatory changes will result from the continued captives scrutiny and reform efforts by the NAIC and other regulatory bodies. Any regulatory action that limits our ability to achieve desired benefits from the use of or materially increases our cost of using captive reinsurance companies, either

retroactively or prospectively, including, if adopted as proposed, without grandfathering provisions for existing captive variable annuity reinsurance entities, the Standard, could have a material adverse effect on our financial condition or results of operations. For more detail see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Statutory Capital and Risk-Based Capital of Principal Insurance Subsidiaries—Captive Reinsurance Subsidiaries.”

Insurance regulators have implemented, or begun to implement significant changes in the way in which insurers must determine statutory reserves and capital, particularly for products with contractual guarantees such as variable annuities and universal life policies, and are considering further potentially significant changes in these requirements. The NAIC is currently working on comprehensive reforms related to life insurance reserves and the accounting for such reserves. The timing and extent of further changes to statutory reserves and reporting requirements are uncertain.

In addition, state insurance regulators are becoming more active in adopting and enforcing suitability standards with respect to sales of fixed, indexed and variable annuities. In particular, the NAIC has adopted a revised SAT, which will, if enacted by the states, place new responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Several states have already enacted laws based on the SAT.

In addition to the foregoing risks, the financial services industry is the focus of increased regulatory scrutiny as various state and federal governmental agencies and self-regulatory organizations conduct inquiries and investigations into the products and practices of the financial services industries. For a description of certain regulatory inquiries affecting the Company, see the Litigation and Regulatory Matters section of the Commitments and Contingencies Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K. It is possible that future regulatory inquiries or investigations involving the insurance industry generally, or the Company specifically, could materially and adversely affect our business, results of operations or financial condition.

In some cases, this regulatory scrutiny has led to legislation and regulation, or proposed legislation and regulation that could significantly affect the financial services industry, or has resulted in regulatory penalties, settlements and litigation. New laws, regulations and other regulatory actions aimed at the business practices under scrutiny could materially and adversely affect our business, results of operations or financial condition. The adoption of new laws and regulations, enforcement actions, or litigation, whether or not involving us, could influence the manner in which we distribute our products, result in negative coverage of the industry by the media, cause significant harm to our reputation and materially and adversely affect our business, results of operations or financial condition.

Our products are subject to extensive regulation and failure to meet any of the complex product requirements may reduce profitability.

Our insurance, annuity, retirement and investment products are subject to a complex and extensive array of state and federal tax, securities, insurance and employee benefit plan laws and regulations, which are administered and enforced by a number of different governmental and self-regulatory authorities, including state insurance regulators, state securities administrators, state banking authorities, the SEC, FINRA, the DOL and the IRS.

For example, U.S. federal income tax law imposes requirements relating to insurance and annuity product design, administration and investments that are conditions for beneficial tax treatment of such products under the Internal Revenue Code. Additionally, state and federal securities and insurance laws impose requirements relating to insurance and annuity product design, offering and distribution and administration. Failure to administer product features in accordance with contract provisions or applicable law, or to meet any of these complex tax, securities, or insurance requirements could subject us to administrative penalties imposed by a particular governmental or self-regulatory authority, unanticipated costs associated with remedying such failure or other claims, harm to our reputation, interruption of our operations or adversely impact profitability.

The Dodd-Frank Act, its implementing regulations and other financial regulatory reform initiatives could have adverse consequences for the financial services industry, including us, and/or materially affect our results of operations, financial condition or liquidity.

On July 21, 2010, the Dodd-Frank Act was signed into law. It effects comprehensive changes to the regulation of financial services in the United States. The Dodd-Frank Act directs existing and newly-created government agencies and bodies to perform studies and promulgate a multitude of regulations implementing the law, a process that is underway and is expected to continue over the next few years. While some studies have already been completed and the rule-making process is well underway, there continues to be significant uncertainty regarding the results of ongoing studies and the ultimate requirements of regulations that have not yet been adopted. We cannot predict with

certainty how the Dodd-Frank Act and such regulations will affect the financial markets generally, or impact our business, ratings, results of operations, financial condition or liquidity. The Dodd-Frank Act's potential effects could include:

If designated by the FSOC as a nonbank financial company subject to supervision by the Federal Reserve, we would become subject to a comprehensive system of prudential regulation, including minimum capital requirements, liquidity standards, credit exposure requirements, overall risk management requirements, management interlock prohibitions, a requirement to maintain a plan for rapid and orderly dissolution in the event of severe financial distress, stress testing, additional fees and assessments and restrictions on proprietary trading and certain investments. The exact scope and consequences of these standards are subject to ongoing rulemaking activity by various federal banking regulators and therefore are currently unclear. However, this comprehensive system of prudential regulation, if applied to us, would significantly impact the manner in which we operate and could materially and adversely impact the profitability of one

or more of our business lines or the level of capital required to support our activities. In designating non-bank financial companies for heightened prudential regulation by the Federal Reserve, the FSOC considers, among other matters, their scope, size, and potential impact of their activities on the financial stability of the United States.

Title II of the Dodd-Frank Act provides that a financial company, such as us, may be subject to a special orderly liquidation process outside the federal bankruptcy code, administered by the Federal Deposit Insurance Corporation as receiver, upon a determination that it is in default or in danger of default and presents a systemic risk to U.S. financial stability. We cannot predict how rating agencies, or creditors of us or our subsidiaries, will evaluate this potential or whether it will impact our financing or hedging costs.

- Title VII of the Dodd-Frank Act creates a new framework for regulation of the OTC derivatives markets. New margin and capital requirements on market participants could substantially increase the cost of hedging and related operations, affect the profitability of our products or their attractiveness to our customers, or cause us to alter our hedging strategy or change the composition of the risks we do not hedge.

Pursuant to requirements of the Dodd-Frank Act, the SEC and CFTC are required to undertake a study to determine whether stable value contracts should be regulated as “swap” derivative contracts. Pending such determination, stable value contracts are not subject to the swap provisions of this legislation. In the event that stable value contracts become subject to such regulation, certain aspects of our business could be adversely impacted, including issuance of stable value contracts and management of assets pursuant to stable value mandates.

The Dodd-Frank Act establishes the FIO within the Treasury Department. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office performs various functions with respect to insurance, including participating in the FSOC’s decisions regarding insurers to be designated for stricter regulation by the Federal Reserve. The Dodd-Frank Act also required the director of FIO to conduct a study on how to modernize and improve the system of insurance regulation in the United States. The director issued that report in December 2013, recommending, , increased federal involvement in certain areas of insurance regulation to improve uniformity, and setting out recommendations in areas of near-term reform for the states, including prudential and marketplace oversight. The report also recommended, in part, that states develop a uniform and transparent solvency oversight regime for the transfer of risk to reinsurance captives, and adopt a uniform capital requirement for reinsurance captives, including a prohibition on transactions that do not constitute legitimate risk transfer. FIO has an ongoing charge to monitor all aspects of the insurance industry and will monitor state regulatory developments, including those called for in its report and present options for federal involvement if deemed necessary.

The Dodd-Frank Act also includes various securities law reforms that may affect our business practices. See “—Changes in U.S. federal and state securities laws and regulations may affect our operations and our profitability” below.

Although the full impact of the Dodd-Frank Act cannot be determined until the various studies mandated by the law are conducted and implementing regulations are adopted, many of the legislation’s requirements could have profound and/or adverse consequences for the financial services industry, including for us. The Dodd-Frank Act could make it more expensive for us to conduct business, require us to make changes to our business model or satisfy increased capital requirements, subject us to greater regulatory scrutiny or to potential increases in whistleblower claims in light of the increased awards available to whistleblowers under the Act and have a material adverse effect on our results of operations or financial condition.

See “Item 1. Business—Regulation” for further discussion of the impact of the Dodd-Frank Act on our businesses.

Changes in U.S. federal and state securities laws and regulations may affect our operations and our profitability.

U.S. federal and state securities laws apply to sales of our mutual funds and to our variable annuity and variable life insurance products (which are considered to be both insurance products and securities) as well as to sales of third-party investment products. As a result, some of our subsidiaries and the products they offer are subject to regulation under these federal and state securities laws. Our insurance subsidiaries' separate accounts are registered as investment companies under the Investment Company Act. Some variable annuity contracts and variable life insurance policies issued by our insurance subsidiaries also are registered under the Securities Act. Other subsidiaries are registered as broker-dealers under the Exchange Act, are members of, and subject to, regulation by FINRA, and are also registered as broker-dealers in various states, as applicable. In addition, some of our subsidiaries are registered as investment advisers under the Investment Advisers Act.

Securities laws and regulations are primarily intended to ensure the integrity of the financial markets and to protect investors in the securities markets or investment advisory or brokerage clients. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with those laws and regulations. A number of changes have recently been proposed to the laws and regulations that govern the conduct of our variable insurance products business and our distributors that could have a material adverse effect on our results of operations and financial condition. For example, the Dodd-Frank Act authorizes the SEC to establish a standard of conduct applicable to brokers and dealers when providing personalized investment advice to retail customers. This standard of conduct would be to act in the best interest of the customer without regard to the financial or other interest of the broker or dealer providing the advice. Further, proposals have been made that the SEC establish a self-regulatory organization with respect to registered investment advisers, which could increase the level of regulatory oversight over them. Changes to these laws or regulations that restrict the conduct of our business could have an adverse effect on our results of operations and financial condition.

Changes to federal regulations could adversely affect our distribution model by restricting our ability to provide customers with advice.

The prohibited transaction rules of ERISA and the Internal Revenue Code generally restrict providing investment advice to ERISA plans and participants and IRAs if the investment recommendation results in fees paid to the individual advisor, his or her firm or their affiliates that vary according to the investment recommendation chosen. In March 2010, the DOL issued proposed regulations that provide limited relief from these investment advice restrictions. The DOL issued final rules in October of 2011 and did not provide additional relief regarding these restrictions. As a result, the ability of certain of our investment advisory subsidiaries and their advisory representatives to provide investment advice to ERISA plans and participants, and with respect to IRAs, will likely be significantly restricted. Also, the fee and revenue arrangements of certain advisory programs may be required to be revenue neutral, resulting in potential lost revenues for these investment advisers and their affiliates.

Other proposed regulatory initiatives under ERISA may negatively impact our broker-dealer subsidiaries. In particular, in April 2015, the DOL issued a proposed rule that would, if adopted as proposed, broaden the definition of "fiduciary" for purposes of ERISA and the Internal Revenue Code, as it applies to a person or entity providing investment advice with respect to ERISA plans or IRAs. As proposed, the rule would expand the circumstances in which providers of investment advice to small plan sponsors, plan participants and beneficiaries, and IRA investors are deemed to act in a fiduciary capacity. The rule would require such providers to act in their clients' "best interests", not influenced by any conflicts of interest, including due to the direct or indirect receipt of compensation. Although the DOL concurrently proposed a "best interest contract exemption" intended to enable continuation of certain existing industry practices relating to receipt of commissions and other compensation, the exemption includes conditions and requirements that may make it difficult to rely upon in practice.

Although the final outcome of the DOL rulemaking remains uncertain, the proposed rule, if adopted in its current form, could adversely affect our service model regarding ERISA plan distribution support, investment education, rollover discussions with plan participants and beneficiaries, and investment support of IRA owners. The proposed rule could have a material impact on the level and type of services we can provide as well as the nature and amount of compensation and fees we and our advisors and employees may receive for investment-related services. In addition, the proposed rule may make it easier for the DOL in enforcement actions, and for plaintiffs' attorneys in ERISA litigation, to attempt to extend fiduciary status to, or to claim fiduciary or contractual breach by, advisors who would not be deemed fiduciaries under current regulations. Compliance with the proposed rule could also increase our overall operational costs for providing some of the services we currently provide. See "Item 1. Business—Regulation—Employee Retirement Income Security Act Considerations".

In November 2015, the DOL published a proposed rule that would exempt certain state-sponsored IRA savings plans from ERISA. This rule, if enacted, would enable the growth of state-sponsored IRA savings plans for the currently

underserved small-employer market, where there has been limited adoption of workplace retirement savings plans. We do not believe the rule would have a material impact on our business, as the state-sponsored plans would be aimed at workers who do not currently participate in any workplace retirement plan.

Finally, the DOL has issued a number of regulations recently, and may issue additional similar regulations, that increase the level of disclosure that must be provided to plan sponsors and participants. These ERISA disclosure requirements will likely increase the regulatory and compliance burden upon us, resulting in increased costs.

Changes in U.S. pension laws and regulations may affect our results of operations and our profitability.

Congress from time to time considers pension reform legislation that could decrease the attractiveness of certain of our retirement products and services to retirement plan sponsors and administrators or have an unfavorable effect on our ability to earn revenues

from these products and services. In this regard, the Pension Protection Act of 2006 made significant changes in employer pension funding obligations associated with defined benefit pension plans that are likely to increase sponsors' costs of maintaining these plans and imposed certain requirements on defined contribution plans. Over time, these changes could negatively impact our sales of defined benefit or defined contribution plan products and services and cause sponsors to discontinue existing plans for which we provide insurance, asset management, administrative, or other services. Certain tax-favored savings initiatives that have been proposed could hinder sales and persistency of our products and services that support employment-based retirement plans.

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 also includes certain provisions for defined benefit pension plan funding relief. These provisions may impact the likelihood of corporate plan sponsors terminating their plans and/or engaging in transactions to partially or fully transfer pension obligations to an insurance company. As part of our retirement services segment, we offer general account and separate account group annuity products that enable a plan sponsor to transfer these risks, often in connection with the termination of defined benefit pension plans. Consequently, this legislation could indirectly affect the mix of our business, with fewer closeouts and more non-guaranteed funding products, and adversely impact our results of operations.

We may not be able to mitigate the reserve strain associated with Regulation XXX and AG38, potentially resulting in a negative impact on our capital position or in a need to increase prices and/or reduce sales of term or universal life products.

Regulation XXX requires insurers to establish additional statutory reserves for certain term life insurance policies with long-term premium guarantees and for certain universal life policies with secondary guarantees. In addition, AG38 clarifies the application of Regulation XXX with respect to certain universal life insurance policies with secondary guarantees. Many of our newly issued term insurance products and an increasing number of our universal life insurance products are affected by Regulation XXX and AG38, respectively. The application of both Regulation XXX and AG38 involves numerous interpretations. At times, there may be differences of opinion between management and state insurance departments regarding the application of these and other actuarial standards. Such differences of opinion may lead to a state insurance regulator requiring greater reserves to support insurance liabilities than management estimated.

We have implemented reinsurance and capital management actions to mitigate the capital impact of Regulation XXX and AG38, including the use of LOCs and the implementation of other transactions that provide acceptable collateral to support the reinsurance of the liabilities to wholly owned reinsurance captives or to third-party reinsurers. These arrangements are subject to review and approval by state insurance regulators and review by rating agencies. State insurance regulators, the NAIC and other regulatory bodies are also investigating the use of wholly owned reinsurance captives to reinsure these liabilities and the NAIC has made recent advances in captives reform. During 2014 and 2015, the NAIC adopted captives proposals applicable to captives that assume Regulation XXX and AG38 reserves. See "Our insurance businesses are heavily regulated, and changes in regulation in the United States, enforcement actions and regulatory investigations may reduce profitability" above and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Statutory Capital and Risk-Based Capital of Principal Insurance Subsidiaries—Captive Reinsurance Subsidiaries." Rating agencies may include a portion of these LOCs or other collateral in their leverage calculations, which could increase their assessment of our leverage ratios and potentially impact our ratings. We cannot provide assurance that our ability to use captive reinsurance companies to achieve the desired benefit from financing statutory reserves will not be limited or that there will not be regulatory or rating agency challenges to the reinsurance and capital management actions we have taken to date or that acceptable collateral obtained through such transactions will continue to be available or available on a cost-effective basis.

The result of these potential challenges, as well as the inability to obtain acceptable collateral, could require us to increase statutory reserves, incur higher operating and/or tax costs or reduce sales. Because term and universal life

insurance are particularly price-sensitive products, any increase in premiums charged on these products to compensate us for the increased statutory reserve requirements or higher costs of reinsurance may result in a significant loss of volume and materially and adversely affect our life insurance business.

Certain of the reserve financing facilities we have put in place will mature prior to the run off of the liabilities they support. As a result, we cannot provide assurance that we will be able to continue to maintain collateral support related to our captives reinsurance subsidiaries or our Arizona captive. If we are unable to continue to maintain collateral support related to our captive reinsurance subsidiaries or our Arizona captive, we may be required to increase statutory reserves or incur higher operating and/or tax costs than we currently anticipate.

Changes in tax laws and interpretations of existing tax law could increase our tax costs, impact the ability of our insurance company subsidiaries to make distributions to Voya Financial, Inc. or make our insurance, annuity and investment product less attractive to customers.

Changes in tax laws could increase our taxes and our effective tax rates. For example, the Obama Administration has proposed modifying the dividends received deduction for life insurance company separate accounts, and such a modification could significantly reduce or eliminate the dividends received deduction that we are able to claim for dividends received in separate accounts. As such, the dividend received deduction is a significant component of the difference between our actual tax expense and the expected tax expense determined using the federal statutory income tax rate of 35%. Also, interpretation and enforcement of existing tax law could change and could be applied to us as part of an IRS examination and increase our tax costs. In the course of such examinations, we have entered into agreements with the IRS to resolve issues related to (1) the application of the Section 382 limitation, (2) whether certain derivative transactions qualify for hedge treatment, (3) the proper treatment of valid tax hedge gains and losses and (4) “other than temporary impairment” losses. These agreements may be superseded by future enacted laws, regulations or public guidance that increase our taxes and our effective tax rates. Further, changes in tax rates could affect the amount of our deferred tax assets and deferred tax liabilities. One such change relates to the current debate over corporate tax reform and corporate tax rates. A reduction in the top federal tax rate would result in lower statutory deferred tax assets. Such a reduction in the statutory deferred tax asset may impact the ability of the affected insurance subsidiaries to make distributions to us and consequently could negatively impact our ability to pay dividends to our stockholders and to service our debt.

Changes in tax laws could make some of our insurance, annuity and investment products less attractive to customers. Current U.S. federal income tax law permits tax-deferred accumulation of income earned under life insurance and annuity products, and permits exclusion from taxation of death benefits paid under life insurance contracts. Changes in tax laws that restrict these tax benefits could make some of our products less attractive to customers. Reductions in individual income tax rates or estate tax rates could also make some of our products less advantageous to customers. Changes in federal tax laws that reduce the amount an individual can contribute on a pre-tax basis to an employer-provided, tax-deferred product (either directly by reducing current limits or indirectly by changing the tax treatment of such contributions from exclusions to deductions) or changes that would limit an individual’s aggregate amount of tax-deferred savings could make our retirement products less attractive to consumers.

Congress has signaled interest in possibly pursuing limited international tax reform. If successful it is unlikely to result in reducing corporate tax rates by broadening the taxable income base. Also viewed as unlikely is a reduction of tax preferences, including possibly the reduction or elimination of tax preferences associated with our industry. States that stand to lose tax revenue of their own will exert pressure on the federal government not to enact additional measures as part of comprehensive tax reform that would negatively impact them. Such a situation may result in more pressure on raising revenue from tax preferences associated with our Company and products.

Risks Related to Our Holding Company Structure

As holding companies, Voya Financial, Inc. and Voya Holdings depend on the ability of their subsidiaries to transfer funds to them to meet their obligations.

Voya Financial, Inc. is the holding company for all our operations, and dividends, returns of capital and interest income on intercompany indebtedness from Voya Financial, Inc.’s subsidiaries are the principal sources of funds available to Voya Financial, Inc. to pay principal and interest on its outstanding indebtedness, to pay corporate operating expenses, to pay any stockholder dividends, to repurchase any stock, and to meet its other obligations. The subsidiaries of Voya Financial, Inc. are legally distinct from Voya Financial, Inc. and, except in the case of Voya Holdings Inc., which is the guarantor of certain of our outstanding indebtedness, have no obligation to pay amounts due on the debt of Voya Financial, Inc. or to make funds available to Voya Financial, Inc. for such payments. The

ability of our subsidiaries to pay dividends or other distributions to Voya Financial, Inc. in the future will depend on their earnings, tax considerations, covenants contained in any financing or other agreements and applicable regulatory restrictions. In addition, such payments may be limited as a result of claims against our subsidiaries by their creditors, including suppliers, vendors, lessors and employees. The ability of our insurance subsidiaries to pay dividends and make other distributions to Voya Financial, Inc. will further depend on their ability to meet applicable regulatory standards and receive regulatory approvals, as discussed below under “—The ability of our insurance subsidiaries to pay dividends and other distributions to Voya Financial, Inc. and Voya Holdings is further limited by state insurance laws, and our insurance subsidiaries may not generate sufficient statutory earnings or have sufficient statutory surplus to enable them to pay ordinary dividends.”

Voya Holdings is wholly owned by Voya Financial, Inc. and is also a holding company, and accordingly its ability to make payments under its guarantees of our indebtedness or on the debt for which it is the primary obligor is subject to restrictions and limitations

similar to those applicable to Voya Financial, Inc. Neither Voya Financial, Inc., nor Voya Holdings, has significant sources of cash flows other than from our subsidiaries that do not guarantee such indebtedness.

If the ability of our insurance or non-insurance subsidiaries to pay dividends or make other distributions or payments to Voya Financial, Inc. and Voya Holdings is materially restricted by regulatory requirements, other cash needs, bankruptcy or insolvency, or our need to maintain the financial strength ratings of our insurance subsidiaries, or is limited due to operating results or other factors, we may be required to raise cash through the incurrence of debt, the issuance of equity or the sale of assets. However, there is no assurance that we would be able to raise cash by these means. This could materially and adversely affect the ability of Voya Financial, Inc. and Voya Holdings to pay their obligations.

The ability of our insurance subsidiaries to pay dividends and other distributions to Voya Financial, Inc. and Voya Holdings Inc. is limited by state insurance laws, and our insurance subsidiaries may not generate sufficient statutory earnings or have sufficient statutory surplus to enable them to pay ordinary dividends.

The payment of dividends and other distributions to Voya Financial, Inc. and Voya Holdings Inc. by our insurance subsidiaries is regulated by state insurance laws and regulations.

The jurisdictions in which our insurance subsidiaries are domiciled impose certain restrictions on the ability to pay dividends to their respective parents. These restrictions are based, in part, on the prior year's statutory income and surplus. In general, dividends up to specified levels are considered ordinary and may be paid without prior regulatory approval. Dividends in larger amounts, or extraordinary dividends, are subject to approval by the insurance commissioner of the relevant state of domicile. Under the insurance laws applicable to our insurance subsidiaries domiciled in Connecticut, Iowa and Minnesota, an extraordinary dividend or distribution is defined as a dividend or distribution that, together with other dividends and distributions made within the preceding twelve months, exceeds the greater of (1) 10% of the insurer's policyholder surplus as of the preceding December 31 or (2) the insurer's net gain from operations for the twelve-month period ended the preceding December 31, in each case determined in accordance with statutory accounting principles. Under Colorado insurance law, an extraordinary dividend or distribution is defined as a dividend or distribution that, together with other dividends and distributions made within the preceding twelve months, exceeds the lesser of (1) 10% of the insurer's policyholder surplus as of the preceding December 31 or (2) the insurer's net gain from operations for the twelve-month period ended the preceding December 31, in each case determined in accordance with statutory accounting principles. New York has similar restrictions, except that New York's statutory definition of extraordinary dividend or distribution is an aggregate amount in any calendar year that exceeds the lesser of (1) 10% of policyholder's surplus as of the preceding December 31 or (2) the insurer's net gain from operations for the twelve-month period ended the preceding December 31, not including realized capital gains. In addition, under the insurance laws applicable to our insurance subsidiaries domiciled in Connecticut, Iowa and Minnesota, no dividend or other distribution exceeding an amount equal to an insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval (the "positive earned surplus requirement"). From time to time, the NAIC and various state insurance regulators have considered, and may in the future consider, proposals to further limit dividend payments that an insurance company may make without regulatory approval. More stringent restrictions on dividend payments may be adopted from time to time by jurisdictions in which our insurance subsidiaries are domiciled, and such restrictions could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable to Voya Financial, Inc. or Voya Holdings by our insurance subsidiaries without prior approval by regulatory authorities. In addition, in the future, we may become subject to debt instruments or other agreements that limit the ability of our insurance subsidiaries to pay dividends or make other distributions. The ability of our insurance subsidiaries to pay dividends or make other distributions is also limited by our need to maintain the financial strength ratings assigned to such subsidiaries by the rating agencies. These ratings depend to a large extent on the capitalization levels of our insurance subsidiaries.

Prior to our initial public offering, our Principal Insurance Subsidiaries domiciled in Colorado, Iowa and Minnesota each had negative earned surplus accounts, and therefore had no ordinary dividend capacity. In order to obtain dividends or distributions from these insurance companies, we historically obtained approval from the insurance companies' respective domiciliary state regulators, which could be granted or withheld in the regulators' discretion, for extraordinary dividends or distributions. On May 8, 2013, in connection with the completion of our IPO and payment of \$1,434.0 million of extraordinary distributions, these insurance companies each were permitted to reset their respective negative unassigned funds account as of December 31, 2012 (as reported in their respective 2012 statutory annual statements) to zero (with an offsetting reduction in gross paid-in capital and contributed surplus). These resets were made pursuant to permitted practices in accordance with statutory accounting practices granted by their respective domiciliary insurance regulators. A detailed description of the permitted practices is included in "Item 1. Business—Regulation—Insurance Regulation—Insurance Holding Company Regulation."

This reset allowed our Principal Insurance Subsidiaries domiciled in Colorado, Iowa and Minnesota to build up ordinary dividend capacity to the extent their operating results subsequent to December 31, 2012 generated positive earned surplus. Based on legislative

amendments adopted by the Colorado legislature in 2014, from and after July 1, 2014, our Principal Insurance Subsidiary domiciled in Colorado is no longer subject to the positive earned surplus requirement although it had sufficient positive earned surplus to pay an ordinary dividend in 2014. Under applicable domiciliary insurance regulations, our Principal Insurance Subsidiaries must deduct any distributions or dividends paid in the preceding twelve months in calculating dividend capacity. Our Principal Insurance Subsidiaries domiciled in Iowa and Minnesota had sufficient positive earned surplus to pay ordinary dividends in 2014. VRIAC had ordinary dividend capacity in December 2013 and also in 2014 and 2015. In 2015, our Principal Insurance Subsidiaries domiciled in Colorado, Iowa and Minnesota generated capital in excess of our combined RBC ratio of 425% and our individual insurance company ordinary dividend limits, and they sought and received domiciliary insurance regulatory approval for, and paid, extraordinary distributions in the aggregate amount of \$508.0. Our Principal Insurance Subsidiaries domiciled in Colorado, Connecticut and Iowa each have ordinary dividend capacity for 2016. However, as a result of the extraordinary dividend it paid in 2015, our Principal Insurance Subsidiary domiciled in Minnesota currently has negative earned surplus and therefore does not have capacity at this time to make ordinary dividend payments to Voya Holdings Inc. without domiciliary regulatory approval, which can be granted or withheld in the discretion of the regulator.

If any of our Principal Insurance Subsidiaries do not succeed in building up sufficient positive earned surplus to have ordinary dividend capacity in future years, such subsidiary would be unable to pay dividends or distributions to our holding companies absent prior approval of its domiciliary insurance regulator, which can be granted or withheld in the discretion of the regulator. In addition, if our Principal Insurance Subsidiaries generate capital in excess of our target combined estimated RBC ratio of 425% and our individual insurance company ordinary dividend limits in future years, then we may also seek extraordinary dividends or distributions. There can be no assurance that our Principal Insurance Subsidiaries will receive approval for extraordinary distribution payments in the future.

The payment of dividends by our captive reinsurance subsidiaries is regulated by their respective governing licensing orders and restrictions in their respective insurance securitization agreements. Generally, our captive reinsurance subsidiaries may not declare or pay dividends in any form to their parent companies other than in accordance with their respective insurance securitization transaction agreements and their respective governing licensing orders, and in no event may the dividends decrease the capital of the captive below the minimum capital requirement applicable to it, and, after giving effect to the dividends, the assets of the captive paying the dividend must be sufficient to satisfy its domiciliary insurance regulator that it can meet its obligations. Likewise, our Arizona captive may not declare or pay dividends in any form to us other than in accordance with its annual capital and dividend plan as approved by the ADOI, which includes a minimum capital requirement.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2015, we owned or leased 69 locations totaling approximately 2.1 million square feet, of which approximately 0.8 million square feet was owned properties and approximately 1.3 million square feet was leased properties throughout the United States.

Item 3. Legal Proceedings

See the Litigation and Regulatory Matters section of the Commitments and Contingencies Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for a description of our material legal proceedings.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Issuer Common Equity

Voya Financial, Inc.'s common stock, par value \$0.01 per share, began trading on the NYSE under the symbol "VOYA" on May 2, 2013.

The following table summarizes high and low sales prices for the common stock on the NYSE for the periods indicated and the dividends declared per share during such periods:

	High	Low	Dividends declared
2015			
1st Quarter	\$44.97	\$38.28	\$0.01
2nd Quarter	48.30	41.92	0.01
3rd Quarter	48.08	36.96	0.01
4th Quarter	\$42.45	\$35.77	\$0.01
2014	High	Low	Dividends declared
1st Quarter	\$37.75	\$32.70	\$0.01
2nd Quarter	37.59	32.60	0.01
3rd Quarter	40.08	35.73	0.01
4th Quarter	\$43.35	\$33.94	\$0.01

The declaration and payment of dividends is subject to the discretion of our Board of Directors and depends on Voya Financial, Inc.'s financial condition, results of operations, cash requirements, future prospects, regulatory restrictions on the payment of dividends by Voya Financial, Inc.'s other insurance subsidiaries and other factors deemed relevant by the Board. The payment of dividends is also subject to restrictions under the terms of our junior subordinated debentures in the event we should choose to defer interest payments on those debentures. See Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources in Part II, Item 7. of this Annual Report on Form 10-K for further information regarding common stock dividends.

At February 22, 2016, there was one stockholder of record of common stock, which is different from the number of beneficial owners of the Company's common stock.

Purchases of Equity Securities by the Issuer

The following table summarizes Voya Financial, Inc.'s repurchases of its common stock for the three months ended December 31, 2015:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2015 - October 31, 2015	—	\$—	—	(in millions) \$170.4
November 1, 2015 - November 30, 2015	2,538,815	41.24	2,538,815	65.8
December 1, 2015 - December 31, 2015	3,719,475 ⁽¹⁾	39.10	3,719,475	20.3
Total	6,258,290	\$39.97	6,258,290	N/A

⁽¹⁾ Includes 2,534,475 shares delivered upon termination of a \$100.0 million share repurchase arrangement entered into on September 23, 2015. The transaction settled at a per-share repurchase price of \$39.46, which was determined based on a formula incorporating the volume weighted average price of the Company's common stock over the relevant purchase period.

In connection with the vesting of equity-based compensation awards, employees may remit to Voya Financial, Inc., or Voya Financial, Inc. may withhold into treasury stock, shares of common stock in respect of tax withholding obligations associated with such vesting. For the three months ended December 31, 2015, there were 1,080 Treasury share increases in connection with such withholding activities.

Refer to the Share-based Incentive Compensation Plans Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K and to Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for equity compensation information.

Item 6. Selected Financial Data

The following selected financial data has been derived from the Company's Consolidated Financial Statements. The Statement of Operations data for the years ended December 31, 2015, 2014 and 2013 and the Balance Sheet data as of December 31, 2015 and 2014 have been derived from the Company's Consolidated Financial Statements included elsewhere herein. As discussed in the Revision of Previously Issued Financial Statement section of the Business, Basis of Presentation and Significant Accounting Policies Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K, we are revising previously audited Statement of Operations data for the years ended December 31, 2014 and 2013 and the Balance Sheet data as of December 31, 2014 and 2013. Additionally, the previously audited Statement of Operations data for the years ended December 31, 2012 and 2011 and the Balance Sheet data as of December 31, 2012 and 2011 have also been revised due to the restatement discussed in the Revision of Previously Issued Financial Statement section of the Business, Basis of Presentation and Significant Accounting Policies Note. The selected financial data set forth below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7. of this Annual Report on Form 10-K and the Financial Statements and Supplementary Data in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
		(As adjusted)	(As adjusted)	(As adjusted)	(As adjusted)
	(\$ in millions, except per share amounts)				
Statement of Operations Data:					
Revenues					
Net investment income	\$4,637.8	\$4,614.8	\$4,689.0	\$4,697.9	\$4,968.8
Fee income	3,481.1	3,632.5	3,666.3	3,515.4	3,603.6
Premiums	3,024.5	2,626.4	1,956.3	1,861.1	1,770.0
Total net realized capital gains (losses)	(733.3)	(878.4)	(2,536.8)	(1,263.8)	(1,514.4)
Total revenues	11,341.2	11,086.9	8,756.5	9,632.3	9,735.8
Benefits and expenses:					
Interest credited and other benefits to contract owners/policyholders	6,510.0	5,937.9	4,497.8	4,861.6	5,742.0
Operating expenses	3,103.0	3,561.7	2,686.7	3,155.0	3,030.8
Net amortization of Deferred policy acquisition costs and Value of business acquired	663.4	379.3	442.8	722.3	387.0
Interest expense	196.5	189.7	184.8	153.7	139.3
Total benefits and expenses	10,756.7	10,285.7	8,000.4	9,009.3	9,441.0
Income (loss) before income taxes	584.5	801.2	756.1	623.0	294.8
Net income (loss)	538.6	2,532.7	788.6	628.2	119.8
Less: Net income (loss) attributable to noncontrolling interest	130.3	237.7	190.1	138.2	190.9
Net income (loss) available to Voya Financial, Inc.'s common shareholders	408.3	2,295.0	598.5	490.0	(71.1)
Earnings Per Share ⁽¹⁾					
Basic	\$1.81	\$9.07	\$2.39	\$2.13	\$(0.31)
Diluted	\$1.80	\$9.00	\$2.38	\$2.13	\$(0.31)
Cash dividends declared per common share	\$0.04	\$0.04	\$0.02	\$—	\$—

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(As adjusted)				
Balance Sheet Data:	(\$ in millions)				
Total investments	\$88,491.9	\$90,833.8	\$87,050.8	\$95,487.6	\$92,819.2
Assets held in separate accounts	96,514.8	106,007.8	106,827.1	97,667.4	88,714.5
Total assets	218,249.6	226,930.7	221,023.2	216,394.2	203,572.8
Future policy benefits and contract owner account balances	88,172.1	84,951.7	83,963.7	86,010.7	88,330.4
Short-term debt	—	—	—	1,064.6	1,054.6
Long-term debt	3,485.9	3,515.7	3,514.7	3,171.1	1,343.1
Liabilities related to separate accounts	96,514.8	106,007.8	106,827.1	97,667.4	88,714.5
Total Voya Financial, Inc. shareholders' equity, excluding AOCI ⁽²⁾	12,010.9	13,042.5	11,466.1	10,209.2	9,786.9
Total Voya Financial, Inc. shareholders' equity	13,435.8	16,146.2	13,315.2	13,919.9	12,381.9
Other Supplemental Data (unaudited):					
Ratio of Earnings to Fixed Charges ⁽³⁾	1.20	1.28	1.27	1.21	1.06

⁽¹⁾ For 2013 and prior, per share amounts give retroactive effect to the 2,295.248835-for-1 stock split effected on April 11, 2013.

⁽²⁾ Shareholders' equity, excluding AOCI, is derived by subtracting AOCI from Voya Financial, Inc. shareholders' equity—both components of which are presented in the respective Consolidated Balance Sheets. For a description of AOCI, see the Accumulated Other Comprehensive Income (Loss) Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K. We provide shareholders' equity, excluding AOCI, because it is a common measure used by insurance analysts and investment professionals in their evaluations.

⁽³⁾ Interest and debt issuance costs include interest costs related to variable interest entities of \$272.2 million, \$209.5 million, \$180.6 million, \$106.4 million and \$68.4 million for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively. Excluding these costs, as well as the earnings of the variable interest entities, would result in a ratio of earnings to fixed charges of 1.21, 1.25, 1.24, 1.20 and 1.05 for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively. Excluding these costs, as well as the earnings of the variable interest entities, would result in a ratio of earnings to fixed charges excluding interest credited to policyholder account balances of 3.33, 3.78, 3.76, 3.92 and 1.80 for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

Edgar Filing: Voya Financial, Inc. - Form 10-K

The selected financial data in 2014 and 2013, as originally reported, the effect of the change and as adjusted, is presented below:

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	As originally reported	Effect of change	As adjusted	As originally reported	Effect of change	As adjusted
Statement of Operations Data:						
Revenues						
Net Investment Income	\$4,614.8	\$—	\$4,614.8	\$4,689.0	\$—	\$4,689.0
Fee Income	3,632.5	—	3,632.5	3,666.3	—	3,666.3
Premiums	2,626.4	—	2,626.4	1,956.3	—	1,956.3
Total net realized capital gains (losses)	(894.4)	16.0	(878.4)	(2,534.8)	(2.0)	(2,536.8)
Total revenues	11,070.9	16.0	11,086.9	8,758.5	(2.0)	8,756.5
Benefits and Expenses:						
Interest credited and other benefits to contract owners/policyholders	5,937.9	—	5,937.9	4,497.8	—	4,497.8
Operating expenses	3,561.7	—	3,561.7	2,686.7	—	2,686.7
Net amortization of Deferred policy acquisition costs and Value of business acquired	379.3	—	379.3	442.8	—	442.8
Interest expense	189.7	—	189.7	184.8	—	184.8
Total benefits and expenses	10,285.7	—	10,285.7	8,000.4	—	8,000.4
Income (loss) before income taxes	785.2	16.0	801.2	758.1	(2.0)	756.1
Net income (loss)	2,537.4	(4.7)	2,532.7	790.6	(2.0)	788.6
Less: Net income (loss) attributable to noncontrolling interest	237.7	—	237.7	190.1	—	190.1
Net income (loss) available to Voya Financial, Inc.'s common shareholders	2,299.7	(4.7)	2,295.0	600.5	(2.0)	598.5
Earnings Per Share						
Basic	\$9.09	\$(0.02)	\$9.07	\$2.40	\$(0.01)	\$2.39
Diluted	\$9.02	\$(0.02)	\$9.00	\$2.38	\$—	\$2.38
Cash dividends declared per common share	\$0.04	\$—	\$0.04	\$0.02	\$—	\$0.02
Balance Sheet Data:						
Total investments	\$90,833.8	\$—	\$90,833.8	\$87,050.8	\$—	\$87,050.8
Assets held in separate accounts	106,007.8	—	106,007.8	106,827.1	—	106,827.1
Total assets	226,951.4	(20.7)	226,930.7	221,023.2	—	221,023.2
Future policy benefits and contract owner account balances	85,010.7	(59.0)	84,951.7	84,006.7	(43.0)	83,963.7
Short-term debt	—	—	—	—	—	—
Long-term debt	3,515.7	—	3,515.7	3,514.7	—	3,514.7
Liabilities related to separate accounts	106,007.8	—	106,007.8	106,827.1	—	106,827.1
Total Voya Financial, Inc. shareholders' equity, excluding AOCI	13,004.2	38.3	13,042.5	11,423.1	43.0	11,466.1
Total Voya Financial, Inc. shareholders' equity	16,107.9	38.3	16,146.2	13,272.2	43.0	13,315.2

Other Supplemental Data
(unaudited):

Ratio of Earnings to Fixed Charges	1.27	0.01	1.28	1.27	—	1.27
------------------------------------	------	------	------	------	---	------

Edgar Filing: Voya Financial, Inc. - Form 10-K

The selected financial data in 2012 and 2011, as originally reported, the effect of the change and as adjusted, is presented below:

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	As originally reported	Effect of change	As adjusted	As originally reported	Effect of change	As adjusted
Statement of Operations Data:						
Revenues						
Net Investment Income	\$4,697.9	\$—	\$4,697.9	\$4,968.8	\$—	\$4,968.8
Fee Income	3,515.4	—	3,515.4	3,603.6	—	3,603.6
Premiums	1,861.1	—	1,861.1	1,770.0	—	1,770.0
Total net realized capital gains (losses)	(1,280.8)	17.0	(1,263.8)	(1,531.4)	17.0	(1,514.4)
Total revenues	9,615.3	17.0	9,632.3	9,718.8	17.0	9,735.8
Benefits and Expenses:						
Interest credited and other benefits to contract owners/policyholders	4,861.6	—	4,861.6	5,742.0	—	5,742.0
Operating expenses	3,155.0	—	3,155.0	3,030.8	—	3,030.8
Net amortization of Deferred policy acquisition costs and Value of business acquired	722.3	—	722.3	387.0	—	387.0
Interest expense	153.7	—	153.7	139.3	—	139.3
Total benefits and expenses	9,009.3	—	9,009.3	9,441.0	—	9,441.0
Income (loss) before income taxes	606.0	17.0	623.0	277.8	17.0	294.8
Net income (loss)	611.2	17.0	628.2	102.8	17.0	119.8
Less: Net income (loss) attributable to noncontrolling interest	138.2	—	138.2	190.9	—	190.9
Net income (loss) available to Voya Financial, Inc.'s common shareholders	473.0	17.0	490.0	(88.1)	17.0	(71.1)
Earnings Per Share						
Basic	\$2.06	\$0.07	\$2.13	\$(0.38)	\$0.07	\$(0.31)
Diluted	\$2.06	\$0.07	\$2.13	\$(0.38)	\$0.07	\$(0.31)
Cash dividends declared per common share	\$—	\$—	\$—	\$—	\$—	\$—
Balance Sheet Data:						
Total investments	\$95,487.6	\$—	\$95,487.6	\$92,819.2	\$—	\$92,819.2
Assets held in separate accounts	97,667.4	—	97,667.4	88,714.5	—	88,714.5
Total assets	216,394.2	—	216,394.2	203,572.8	—	203,572.8
Future policy benefits and contract owner account balances	86,055.7	(45.0)	86,010.7	88,358.4	(28.0)	88,330.4
Short-term debt	1,064.6	—	1,064.6	1,054.6	—	1,054.6
Long-term debt	3,171.1	—	3,171.1	1,343.1	—	1,343.1
Liabilities related to separate accounts	97,667.4	—	97,667.4	88,714.5	—	88,714.5
Total Voya Financial, Inc. shareholders' equity, excluding AOCI	10,164.2	45.0	10,209.2	9,758.9	28.0	9,786.9
Total Voya Financial, Inc. shareholders' equity	13,874.9	45.0	13,919.9	12,353.9	28.0	12,381.9

Other Supplemental Data
(unaudited):

Ratio of Earnings to Fixed Charges	1.20	0.01	1.21	1.06	—	1.06
------------------------------------	------	------	------	------	---	------

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

For the purposes of the discussion in this Annual Report on Form 10-K, the term Voya Financial, Inc. refers to Voya Financial, Inc. and the terms "Company," "we," "our," and "us" refer to Voya Financial, Inc. and its subsidiaries.

The following discussion and analysis presents a review of our results of operations for the years ended December 31, 2015, 2014 and 2013 and financial condition as of December 31, 2015 and 2014. This item should be read in its entirety and in conjunction with the Consolidated Financial Statements and related notes contained in Part II, Item 8. of this Annual Report on Form 10-K.

In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Actual results may differ materially from those discussed in the forward-looking statements as a result of various factors. See the "Note Concerning Forward-Looking Statements."

Overview

Prior to April 20, 2015, we provided our principal products and services in three ongoing businesses—Retirement Solutions, Investment Management and Insurance Solutions—and reported our results for the ongoing businesses through five segments. Effective April 20, 2015, we provide our principal products and services in two ongoing businesses ("Ongoing Business")—Retirement and Investment Solutions; and Insurance Solutions. This change did not affect our five ongoing operating segments.

The Retirement and Investment Solutions business provides its products and services through three segments: Retirement, Annuities and Investment Management:

Our Retirement segment provides tax-deferred, employer-sponsored retirement savings plans and administrative services in corporate, education, healthcare, other non-profit and government markets. Stable value products and pension risk transfer solutions are also offered to institutional clients where we may or may not be providing defined contribution products and services. Our Retirement segment also provides individual retirement accounts ("IRAs") and other retail financial products as well as comprehensive financial advisory services to individual customers. Our retirement products and services are distributed through multiple intermediary channels, including third-party administrators ("TPAs"), independent and national wirehouse affiliated brokers and registered investment advisors, in addition to independent sales agents and consulting firms. We also have a direct sales team for large defined contribution plans, stable value business and pension risk transfer solutions, as well as a team of affiliated brokers who sell our products in person, via telephone and online.

Our Annuities segment provides fixed and indexed annuities, tax-qualified mutual fund custodial products and other investment-only products and payout annuities for pre-retirement wealth accumulation and postretirement income management. Annuity products are primarily distributed by independent marketing organizations, independent broker-dealers, banks, independent insurance agents, pension professionals and affiliated broker-dealers.

Our Investment Management segment provides investment products and retirement solutions to both individual and institutional customers by offering domestic and international fixed income, equity, multi-asset and alternative products and solutions across a range of geographies, market sectors, investment styles and capitalization spectrums. Investment Management products and services are primarily marketed to institutional clients, including public, corporate and union retirement plans, endowments and foundations and insurance companies, as well as individual investors and the general accounts of our insurance company subsidiaries. Investment Management products and services are distributed through a combination of our direct sales force, consultant channel and intermediary partners (such as banks, broker-dealers and independent financial advisers).

The Insurance Solutions business provides its products and services through two segments: Individual Life and Employee Benefits:

- Our Individual Life segment provides wealth protection and transfer opportunities through universal, variable and term life products. Our customers range across a variety of age groups and income levels. We primarily distribute our product offerings through a network of independent general agents and managing directors ("Aligned Distributors"), who are committed to promoting Voya products to independent agents and advisors. Aligned Distributors receive higher levels of service, and access to proprietary tools and training. We also support other independent general agents and marketing organizations who sell a broad portfolio of products from various carriers including Voya branded life, annuity and mutual fund offerings.

Our Employee Benefits segment provides stop loss, group life, voluntary employee-paid and disability products to mid-sized and large businesses. We reinsure substantially all of our new disability sales to a third party. To distribute our products,

we utilize brokers, consultants, TPAs and private exchanges. In the voluntary market, policies are marketed to employees at the worksite through enrollment firms, technology partners and brokers.

In addition to our Ongoing Business, we also have a Corporate and two Closed Blocks segments. The Corporate segment includes our corporate operations and corporate level assets and financial obligations. The Corporate segment includes investment income on assets backing surplus in excess of amounts held at the segment level, financing and interest expenses, other items not allocated to segments, including items such as expenses of our Strategic Investment Program (described below), certain expenses and liabilities of employee benefit plans and intercompany eliminations.

The Closed Blocks segments consist of two separate reporting segments that include run-off and legacy business lines that are no longer being actively marketed or sold. Accordingly, these segments have been classified as closed blocks and are managed separately from our Ongoing Business.

The Closed Block Variable Annuity ("CBVA") segment consists of variable annuity contracts that were designed to offer long-term savings products in which individual contract owners made deposits that are maintained in separate accounts. These products included options for policyholders to purchase living benefit riders. In 2009, we separated our CBVA segment from our other operations, placing it in run-off, and made a strategic decision to stop actively writing new retail variable annuity products with substantial guarantee features (the last policies were issued in 2010 and the block shifted to run-off).

The Closed Block Other segment consists primarily of run-off activity related to a block of guaranteed investment contracts ("GICs") and funding agreements that were issued with the proceeds invested to earn a spread, as well as other residual activity on closed or divested businesses, including our group reinsurance and individual reinsurance businesses. While the segment includes activity being managed in active run-off, we may issue liabilities from time to time to replace liabilities that are maturing.

Revision of Previously Issued Financial Statements

As part of our ongoing process of validating actuarial models, we identified during the second quarter of 2015 improper inputs to the calculation of the estimated fair value of the embedded derivative in certain of our guaranteed minimum withdrawal benefits with life payouts ("GMWBL") products. The products are included in our CBVA segment and are no longer offered by the Company. The errors affected our financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for periods prior to the second quarter of 2015 and did not impact regulatory or rating agency capital. The errors did not affect our variable annuity policyholders in any manner.

Based on an analysis of quantitative and qualitative factors in accordance with SEC Staff Accounting Bulletins 99 and 108, we concluded that these errors were not material to the consolidated financial position, results of operations or cash flows as presented in our quarterly and annual financial statements that have been previously filed in our Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. As a result, amendment of such reports is not required. In preparing our Consolidated Financial Statements for the year ended December 31, 2015, we made appropriate revisions to our financial statements for historical periods. Such changes are reflected in the financial results for the years ended December 31, 2014 and 2013, included in this Annual Report on Form 10-K and discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and will also be reflected in the historical financial results included in the Company's subsequent quarterly and annual consolidated financial statements.

See the "Revision of Previously Issued Financial Statements" section in the Business, Basis of Presentation and Significant Accounting Policies in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for more information.

Trends and Uncertainties

Throughout this MD&A, we discuss a number of trends and uncertainties that we believe may materially affect our future liquidity, financial condition or results of operations. Where these trends or uncertainties are specific to a particular aspect of our business, we often include such a discussion under the relevant caption of this MD&A, as part of our broader analysis of that area of our business. In addition, the following factors represent some of the key general trends and uncertainties that have influenced the development of our business and our historical financial performance and that we believe will continue to influence our business and financial performance in the future.

Market Conditions

While extraordinary monetary accommodation has suppressed volatility in rate, credit and domestic equity markets for an extended period, the start of the normalization process of monetary policy has resulted in an increase in volatility, exacerbated by heightened concern around the health of economic activity in China and, by extension, global economic conditions. This concern has been particularly acute in commodity-related sectors of the markets as investors adjust their expectations for companies in the energy and metals sectors in light of the rapid and steep decline in commodity prices. In the short- to medium-term, the potential for increased volatility, coupled with prevailing low interest rates, can pressure sales and reduce demand as consumers hesitate to make financial decisions. In addition, this environment could make it difficult to manufacture products that are consistently both attractive to customers and profitable. Financial performance can be adversely affected by market volatility as fees driven by assets under management ("AUM") fluctuate, hedging costs increase and revenue declines due to reduced sales and increased outflows. In the long-term, however, we believe the financial crisis of 2008-2009 ("financial crisis") and resultant lingering uncertainty will motivate individuals to seek solutions combining elements of capital preservation, income and growth. Thus, as a company with strong retirement, investment management and insurance capabilities, we believe the current market conditions noted above may ultimately enhance the attractiveness of our broad portfolio of products and services. We will need to continue to monitor the behavior of our customers and other factors, including mortality rates, morbidity rates, annuitization rates and lapse rates, which adjust in response to changes in market conditions in order to ensure that our products and services remain attractive as well as profitable. For additional information on our sensitivity to equity market prices, see Quantitative and Qualitative Disclosures About Market Risk in Part II, Item 7A. of this Annual Report on Form 10-K.

Interest Rate Environment

Interest rates moved modestly higher in 2015, but remain at levels that are still low by historical standards. The beginning of the normalization of monetary policy produced a flattening of the yield curve as the market priced continued increases in the Federal Funds rate in the front end of the curve. The timing and impact of any further increases in the Federal Funds rate are uncertain and dependent on the Federal Reserve Board's assessment of economic growth, continued development in labor markets, the outlook for inflation and other risks that will impact the level and volatility of rates.

The continued low interest rate environment has affected and may continue to affect the demand for our products in various ways. While interest rates remain low, we may experience lower sales and reduced demand as it is more difficult to manufacture products that are consistently both attractive to customers and profitable. Our financial performance may also be adversely affected by the current low interest rate environment. The interest rate environment has historically influenced our business and financial performance, and we believe it will continue to do so in the future for several reasons, including the following:

Our general account investment portfolio, which was approximately \$86.5 billion as of December 31, 2015, consists predominantly of fixed income investments and currently has an average yield of approximately 5.0%. In the near term and absent further material change in yields available on fixed income investments, we expect the yield we earn on new investments will be lower than the yields we earn on maturing investments, which were generally purchased in environments where interest rates were higher than current levels. We currently anticipate that proceeds that are reinvested in fixed income investments during 2016 will earn an average yield in the range of 4.00% to 4.25%. If interest rates were to rise, we expect the yield on our new money investments would also rise and gradually converge toward the yield of those maturing assets. In addition, while less material to financial results than new money investment rates, movements in prevailing interest rates also influence the prices of fixed income investments that we sell on the secondary market rather than holding until maturity or repayment, with rising interest rates generally leading to lower prices in the secondary market, and falling interest rates generally leading to higher prices.

Certain of our products pay guaranteed minimum rates. For example, fixed accounts and a portion of the stable value accounts included within defined contribution retirement plans, universal life ("UL") policies and individual fixed annuities include guaranteed minimum credited rates. We are required to pay these guaranteed minimum rates even if earnings on our investment portfolio decline, with the resulting investment margin compression negatively impacting earnings. In addition, we expect more policyholders to hold policies (lower lapses) with comparatively high guaranteed rates longer in a low interest rate environment. Conversely, a rise in average yield on our investment portfolio would positively impact earnings if the average interest rate we pay on our products does not rise correspondingly. Similarly, we expect policyholders would be less likely to hold policies (higher lapses) with existing guarantees as interest rates rise.

Our CBVA segment provides certain guaranteed minimum benefits. A prolonged low interest rate environment may subject us to increased hedging costs or an increase in the amount of statutory reserves that our insurance subsidiaries are required to hold for these variable annuity guarantees, lowering their statutory surplus, which would adversely affect their ability to

pay dividends to us. A prolonged low interest rate environment may also affect the perceived value of guaranteed minimum income benefits, which in turn may lead to a higher rate of annuitization of those products over time.

For additional information on our sensitivity to interest rates, see Quantitative and Qualitative Disclosures About Market Risk in Part II, Item 7A. of this Annual Report on Form 10-K.

The Impact of our CBVA Segment on U.S. GAAP Earnings

Our ongoing management of our CBVA segment is focused on preserving our current capitalization status through careful risk management and hedging. Because U.S. GAAP accounting differs from the methods used to determine regulatory and rating agency capital measures, our hedge programs may create earnings volatility in our financial statements.

Governmental and Public Policy Impact on Demand for Our Products

The demand for our products is influenced by a dynamic combination of governmental and public policy factors. We anticipate that legislative and other governmental activity and our ability to flexibly respond to changes resulting from such activity will be crucial to our long-term financial performance. In particular, the demand for our products is influenced by the following factors:

Availability and quality of public retirement solutions: The lack of comprehensive or sufficient government-sponsored retirement solutions has been a significant driver of the popularity of private sector retirement products. We believe that concerns regarding Social Security and the reduced enrollment in defined benefit retirement plans may further increase the demand for private sector retirement solutions. The impact of any legislative actions or new government programs relating to retirement solutions on our business and financial performance will depend substantially on the level of private sector involvement and our ability to participate in any such programs. We believe we are well positioned to take advantage of any future developments involving participation in any such programs by private sector providers.

Tax-advantaged status: Many of the retirement savings, accumulation and protection products we sell qualify for tax-advantaged status. Changes in U.S. tax laws that alter the tax benefits of certain investment vehicles could have a material effect on demand for our products.

Increasing Longevity and Aging of the U.S. Population

We believe that the increasing longevity and aging of the U.S. population will affect (i) the demand, types of and pricing for our products and (ii) the levels of our AUM and assets under administration ("AUA"). As the "baby boomer" generation prepares for a longer retirement, we believe that demand for retirement savings, growth and income products will grow. The impact of this growth may be offset to some extent by asset outflows as an increasing percentage of the population begins withdrawing assets to convert their savings into income.

Competition

Our Ongoing Business operates in highly competitive markets. We face a variety of large and small industry participants, including diversified financial institutions, investment managers and insurance companies. These companies compete in one form or another for the growing pool of retirement assets driven by a number of exogenous factors such as the continued aging of the U.S. population and the reduction in safety nets provided by governments and corporations. In many segments, product differentiation is difficult as product development and life cycles have shortened. In addition, we have experienced pressure on fees as product unbundling and lower cost alternatives have emerged. As a result, scale and the ability to provide value-added services and build long-term relationships are

important factors to compete effectively. We believe that our leading presence in the retirement market and resulting relationships with millions of participants, diverse range of capabilities (as a provider of retirement, investment management and insurance products and services) and broad distribution network uniquely position us to effectively serve consumers' increasing demand for retirement savings, income and protection solutions.

Seasonality and Other Matters

Our business results can vary from quarter to quarter as a result of seasonal factors. For all of our segments, the first quarter of each year typically has elevated operating expenses, reflecting higher payroll taxes and certain other expenses that tend to be concentrated in the first quarters. Additionally, alternative investment income tends to be lower in the first quarters. Other seasonal factors that affect the reporting segments making up our Ongoing Business include:

Retirement

The first quarters tend to have the highest level of recurring deposits in Corporate Markets, due to the increase in participant contributions from the receipt of annual bonus award payments or annual lump sum matches and profit sharing contributions made by many employers. Corporate Market withdrawals also tend to increase in the first quarters as departing sponsors change providers at the start of a new year.

In the third quarters, education tax-exempt markets typically have the lowest recurring deposits.

The fourth quarters tend to have the highest level of single/transfer deposits due to new Corporate Market plan sales as sponsors transfer from other providers when contracts expire at the fiscal or calendar year-end. Recurring deposits in the Corporate Market may be lower in the fourth quarters as higher paid participants scale back or halt their contributions upon reaching the annual maximums allowed for the year. Finally, Corporate Market withdrawals tend to increase in the fourth quarters, as in the first quarters, due to departing sponsors.

Investment Management

The first quarters tend to have the lowest performance fees.

In the fourth quarters, performance fees are typically higher due to certain performance fees being associated with calendar-year performance against established benchmarks and hurdle rates.

Individual Life

The fourth quarters tend to have the highest levels of universal life insurance sales. This seasonal pattern is typical for the industry.

Employee Benefits

The first quarters tend to have the highest Group Life loss ratio. Sales for Group Life and Stop Loss also tend to be the highest in the first quarters, as most of our contracts have January start dates in alignment with the start of our clients' fiscal years.

The third quarters tend to have the second highest Group Life and Stop Loss sales, as a large number of our contracts have July start dates in alignment with the start of our clients' fiscal years.

In addition to these seasonal factors, our results are impacted by the annual review of assumptions related to future policy benefits and contract owner account balances and deferred policy acquisition costs ("DAC"), value of business acquired ("VOBA") (collectively, "DAC/VOBA") and other intangibles, which we generally complete in the third quarter of each year, and annual remeasurement related to our employee benefit plans, which we generally complete in the fourth quarter of each year. See Critical Accounting Judgments and Estimates in Part II, Item 7. of this Annual Report on Form 10-K for further information.

Furthermore, Net investment income and net realized gains (losses), within our Investment Management segment, includes, for this and previous periods, performance fees related to sponsored private equity funds (“carried interest”) that are subject to later adjustment based on subsequent fund performance, to the extent that cumulative rates of investment return fall below specified investment hurdles. During the first quarter of 2016, we have experienced significant declines in the market value of the investment portfolio of a private equity fund for which we have previously accrued \$30.2 million of performance fees. If, as a result of these declines, the cumulative rate of investment return for this fund falls below the established hurdle rate as of the end of any quarterly measuring period, some or all of such fees could be reversed in future periods with such reversals reported in Net income (loss) attributable to noncontrolling interest in the Consolidated Statement of Operations. See Item 1A, “Risk Factors”-“Revenues, earnings and income from our Investment Management business operations could be adversely affected if the terms of our asset

management agreements are significantly altered or the agreements are terminated, or if certain performance hurdles are not realized.”

Strategic Investment Program

On June 2, 2015, we announced that we would incur an incremental \$350.0 million of expenses during the years 2015 through 2018 as it relates to IT simplification, digital and analytics and cross-enterprise initiatives ("Strategic Investment Program"). We expect these strategic investments to result in expense efficiency as well as business growth by improving how we engage our customers. For the year ended December 31, 2015, we incurred expenses of \$79.5 million related to the Strategic Investment Program, which are reported in the Corporate segment and anticipate to incur between \$110.0 million and \$130.0 million related to the Strategic Investment Program during 2016.

Operating Measures

This MD&A includes discussion of Operating earnings before income taxes and Operating revenues, each of which is a measure that is not determined in accordance with U.S. GAAP, because our management uses these measures to manage our businesses and allocate our resources. We generally use these measures to provide our investors with useful information regarding our financial performance. In particular, these measures facilitate a comparison of period-to-period results without the effect of the volatility created by certain changes in the financial markets that affect our financial results as reported under U.S. GAAP. Other companies may use similarly titled non-U.S. GAAP financial measures that are calculated differently from the way we calculate such measures, and accordingly, our non-U.S. GAAP financial measures may not be comparable to similar measures used by other companies.

Operating Earnings before Income Taxes

Operating earnings before income taxes is an internal measure we use to evaluate segment performance. We use the same accounting policies and procedures to measure segment Operating earnings before income taxes as we do for consolidated Net income (loss). Operating earnings before income taxes does not replace Net income (loss) as the U.S. GAAP measure of our consolidated results of operations. However, we believe that the definition of Operating earnings before income taxes provides a valuable measure of our business and segment performances and enhance the understanding of our performance by highlighting performance drivers. Each segment's Operating earnings before income taxes is calculated by adjusting Income (loss) before income taxes to exclude the following items:

Net investment gains (losses), net of related amortization of DAC/VOBA, sales inducements and unearned revenue. Net investment gains (losses) include gains (losses) on the sale of securities, impairments, changes in the fair value of investments using the fair value option ("FVO") unrelated to the implied loan-backed security income recognition for certain mortgage-backed obligations and changes in the fair value of derivative instruments, excluding realized gains (losses) associated with swap settlements and accrued interest;

Net guaranteed benefit hedging gains (losses), which include changes in the fair value of derivatives related to guaranteed benefits, net of related reserve increases (decreases) and net of related amortization of DAC/VOBA and sales inducements, less the estimated cost of these benefits. The estimated cost, which is reflected in operating results, reflects the expected cost of these benefits if markets perform in line with our long-term expectations and includes the cost of hedging. Other derivative and reserve changes related to guaranteed benefits are excluded from operating results, including the impacts related to changes in our nonperformance spread;

Income (loss) related to businesses exited through reinsurance or divestment (including net investment gains (losses) on securities sold and expenses directly related to these transactions);

Income (loss) attributable to noncontrolling interest;

Income (loss) related to early extinguishment of debt;

Impairment of goodwill, value of management contract rights and value of customer relationships acquired;

Immediate recognition of net actuarial gains (losses) related to our pension and other postretirement benefit obligations and gains (losses) from plan amendments and curtailments; and

- Other items, including restructuring expenses (severance, lease write-offs, etc.), certain third-party expenses and deal incentives related to the divestment of the Company by ING Group and expenses associated with the rebranding of Voya Financial, Inc. from ING U.S., Inc.

Operating earnings before income taxes also does not reflect the results of operations of our CBVA segment, since this segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics. When we present the adjustments to Income (loss) before income taxes on a consolidated basis, each adjustment excludes the relative portions attributable to our CBVA segment.

The most directly comparable U.S. GAAP measure to Operating earnings before income taxes is Income (loss) before income taxes. For a reconciliation of Operating earnings before income taxes to Income (loss) before income taxes, see Results of Operations—Company Consolidated below.

Operating Revenues

Operating revenues is a measure of our segment revenues. Each segment's Operating revenues are calculated by adjusting Total revenues to exclude the following items:

Net realized investment gains (losses) and related charges and adjustments include gains (losses) on the sale of securities, impairments, changes in the fair value of investments using the FVO unrelated to the implied loan-backed security income recognition for certain mortgage-backed obligations and changes in the fair value of derivative instruments, excluding realized gains (losses) associated with swap settlements and accrued interest. These are net of related amortization of unearned revenue;

Gain (loss) on change in fair value of derivatives related to guaranteed benefits include changes in the fair value of derivatives related to guaranteed benefits, less the estimated cost of these benefits. The estimated cost, which is reflected in operating results, reflects the expected cost of these benefits if markets perform in line with our long-term expectations and includes the cost of hedging. Other derivative and reserve changes related to guaranteed benefits are excluded from operating revenues, including the impacts related to changes in our nonperformance spread;

Revenues related to businesses exited through reinsurance or divestment (including net investment gains (losses) on securities sold directly related to these transactions);

Revenues attributable to noncontrolling interest; and

Other adjustments to Operating revenues primarily reflect Fee income earned by our broker-dealers for sales of non-proprietary products, which are reflected net of commission expense in our segments' Operating revenues, as well as other items where the income is passed on to third parties.

Operating revenues also do not reflect the revenues of our CBVA segment, since this segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics. When we present the adjustments to Total revenues on a consolidated basis, each adjustment excludes the relative portions attributable to our CBVA segment.

The most directly comparable U.S. GAAP measure to Operating revenues is Total revenues. For a reconciliation of Operating revenues to Total revenues, see Results of Operations—Company Consolidated below.

AUM and AUA

A substantial portion of our fees, other charges and margins are based on AUM. AUM represents on-balance sheet assets supporting customer account values/liabilities and surplus as well as off-balance sheet institutional/mutual funds. Customer account values reflect the amount of policyholder equity that has accumulated within retirement, annuity and universal-life type products. AUM includes general account assets managed by our Investment Management segment in which we bear the investment risk, separate account assets in which the contract owner bears the investment risk and institutional/mutual funds, which are excluded from our balance sheets. AUM-based revenues increase or decrease with a rise or fall in the amount of AUM, whether caused by changes in capital markets or by net flows.

AUM is principally affected by net deposits (i.e., new deposits, less surrenders and other outflows) and investment performance (i.e., interest credited to contract owner accounts for assets that earn a fixed return or market performance for assets that earn a variable return). Separate account AUM and institutional/mutual fund AUM include assets managed by our Investment Management

segment, as well as assets managed by third-party investment managers. Our Investment Management segment reflects the revenues earned for managing affiliated assets for our other segments as well as assets managed for third parties.

AUA represents accumulated assets on contracts pursuant to which we either provide administrative services or product guarantees for assets managed by third parties. These contracts are not insurance contracts and the assets are excluded from the Consolidated Financial Statements. Fees earned on AUA are generally based on the number of participants, asset levels and/or the level of services or product guarantees that are provided.

Our consolidated AUM/AUA includes eliminations of AUM/AUA managed by our Investment Management segment that is also reflected in other segments' AUM/AUA and adjustments for AUM not reflected in any segments.

Sales Statistics

In our discussion of our segment results under Results of Operations—Segment by Segment, we sometimes refer to sales activity for various products. The term "sales" is used differently for different products, as described more fully below. These sales statistics do not correspond to revenues under U.S. GAAP and are used by us as operating measures underlying our financial performance.

Net flows are deposits less redemptions (including benefits and other product charges).

Sales for Individual Life products are based on a calculation of weighted average annual premiums ("WAP"). Sales for Employee Benefits products are based on a calculation of annual premiums, which represent regular premiums on new policies, plus a portion of new single premiums.

WAP is defined as the amount of premium for a policy's first year that is eligible for the highest first year commission rate, plus a varying portion of any premium in excess of this base amount, depending on the product. WAP is a key measure of recent sales performance of our products and is an indicator of the general growth or decline in certain lines of business. WAP is not equal to premium revenue under U.S. GAAP. Renewal premiums on existing policies are included in U.S. GAAP premium revenue in addition to first year premiums and thus changes in persistency of existing in-force business can potentially offset growth from current year sales.

Total gross premiums and deposits are defined as premium revenue and deposits for policies written and assumed. This measure provides information as to growth and persistency trends related to premium and deposits.

Other Measures

Total annualized in-force premiums are defined as a full year of premium at the rate in effect at the end of the period. This measure provides information as to the growth and persistency trends in premium revenue.

Interest adjusted loss ratios are defined as the ratio of benefits expense to premium revenue exclusive of the discount component in the change in benefit reserve. This measure reports the loss ratio related to mortality on life products and morbidity on health products.

In-force face amount is defined as the total life insurance coverage in effect as of the end of the period presented for business written and assumed. This measure provides information as to changes in policy growth and persistency with respect to death benefit coverage.

In-force policy count is defined as the number of policies written and assumed with coverage in effect as of the end of the period. This measure provides information as to policy growth and persistency.

New business policy count (paid) is defined as the number of policies issued during the period for which initial premiums have been paid by the policyholder. This measure provides information as to policy growth from sales during the period.

Results of Operations - Company Consolidated

The following table presents the consolidated financial information for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Net investment income	\$4,637.8	\$4,614.8	\$4,689.0
Fee income	3,481.1	3,632.5	3,666.3
Premiums	3,024.5	2,626.4	1,956.3
Net realized capital gains (losses)	(733.3	) (878.4	) (2,536.8
Other revenue	406.9	432.8	433.0
Income (loss) related to consolidated investment entities:			
Net investment income	551.1	665.5	545.2
Changes in fair value related to collateralized loan obligations	(26.9	) (6.7	) 3.5
Total revenues	11,341.2	11,086.9	8,756.5
Benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	6,510.0	5,937.9	4,497.8
Operating expenses	3,103.0	3,561.7	2,686.7
Net amortization of Deferred policy acquisition costs and Value of business acquired	663.4	379.3	442.8
Interest expense	196.5	189.7	184.8
Operating expenses related to consolidated investment entities:			
Interest expense	272.2	209.5	180.6
Other expense	11.6	7.6	7.7
Total benefits and expenses	10,756.7	10,285.7	8,000.4
Income (loss) before income taxes	584.5	801.2	756.1
Income tax expense (benefit)	45.9	(1,731.5	) (32.5
Net income (loss)	538.6	2,532.7	788.6
Less: Net income (loss) attributable to noncontrolling interest	130.3	237.7	190.1
Net income (loss) available to our common shareholders	\$408.3	\$2,295.0	\$598.5

The following table presents information about our Operating expenses for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating expenses:			
Commissions	\$1,211.6	\$1,189.5	\$1,114.8
General and administrative expenses:			
Net actuarial (gains)/losses related to pension and other postretirement benefit obligations	(62.7	) 372.7	(405.2
Strategic Investment Program	79.5	—	—
Other general and administrative expenses	2,261.3	2,383.8	2,386.6
Total general and administrative expenses	2,278.1	2,756.5	1,981.4
Total operating expenses, before DAC/VOBA deferrals	3,489.7	3,946.0	3,096.2
DAC/VOBA deferrals	(386.7	) (384.3	) (409.5
Total operating expenses	\$3,103.0	\$3,561.7	\$2,686.7

The following table presents AUM and AUA as of the dates indicated:

(\$ in millions)	As of December 31,		
	2015	2014	2013
AUM and AUA:			
Retirement and Investment Solutions:			
Retirement	\$291,757.0	\$354,544.5	\$343,014.0
Annuities	27,035.8	26,650.0	26,646.7
Investment Management	249,541.4	258,627.2	257,748.8
Insurance Solutions:			
Individual Life	15,123.9	15,708.3	15,995.6
Employee Benefits	1,793.0	1,777.2	1,755.1
Eliminations/Other	(173,115.4	) (178,858.4	) (183,585.9
Total Ongoing Business	412,135.7	478,448.8	461,574.3
Closed Blocks:			
Closed Block Variable Annuity	38,551.8	43,214.2	45,699.0
Closed Block Other	1,723.6	2,129.3	3,254.5
Total Closed Blocks	40,275.4	45,343.5	48,953.5
Total AUM and AUA	\$452,411.1	\$523,792.3	\$510,527.8
AUM	\$270,815.3	\$278,905.9	\$274,341.9
AUA	181,595.8	244,886.4	236,185.9
Total AUM and AUA	\$452,411.1	\$523,792.3	\$510,527.8

The following table presents the relative contributions of each segment to Operating earnings before income taxes for the periods indicated and a reconciliation of Operating earnings before income taxes to Income (loss) before income taxes:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Retirement and Investment Solutions:			
Retirement	\$470.6	\$517.8	\$595.8
Annuities	243.0	262.0	293.8
Investment Management	181.9	210.3	178.1
Insurance Solutions:			
Individual Life	172.7	237.3	254.8
Employee Benefits	146.1	148.9	106.1
Total Ongoing Business	1,214.3	1,376.3	1,428.6
Corporate	(259.2	) (170.4	) (210.6
Closed Blocks: ⁽¹⁾			
Closed Block Other	22.4	24.7	50.6
Total operating earnings before income taxes	977.5	1,230.6	1,268.6
Adjustments:			
Closed Block Variable Annuity	(173.3	) (239.2	) (1,211.3
Net investment gains (losses) and related charges and adjustments	(83.3	) 215.1	212.1
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	(93.9	) (12.8	) 19.4
Loss related to businesses exited through reinsurance or divestment	(169.3	) (157.3	) (59.8
Income (loss) attributable to noncontrolling interests	130.3	237.7	190.1
Loss related to early extinguishment of debt	(10.1) —	—
Immediate recognition of net actuarial gains (losses) related to pension and other postretirement benefit obligations and gains (losses) from plan amendments and curtailments	62.7	(372.7	) 405.2
Other adjustments to operating earnings	(56.1	) (100.2	) (68.2
Income (loss) before income taxes	\$584.5	\$801.2	\$756.1

⁽¹⁾ Our CBVA segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics and, therefore, its results of operations are not reflected within Operating earnings before income taxes.

The following table presents the relative contributions of each segment to Operating revenues for the periods indicated and a reconciliation of Operating revenues to Total revenues:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Retirement and Investment Solutions:			
Retirement	\$2,994.1	\$2,427.4	\$2,399.4
Annuities	1,262.6	1,353.4	1,244.6
Investment Management	622.2	655.4	607.7
Insurance Solutions:			
Individual Life	2,616.7	2,717.8	2,791.9
Employee Benefits	1,507.2	1,373.0	1,262.5
Total Ongoing Business	9,002.8	8,527.0	8,306.1
Corporate	69.8	91.3	87.4
Closed Blocks:⁽¹⁾			
Closed Block Other	66.6	102.7	136.8
Total operating revenues	9,139.2	8,721.0	8,530.3
Adjustments:			
Closed Block Variable Annuity	1,584.5	1,262.0	(728.2)
Net realized investment gains (losses) and related charges and adjustments	(149.8)	216.7	157.4
Gain (loss) on change in fair value of derivatives related to guaranteed benefits	72.0	(30.5)	104.0
Revenues related to businesses exited through reinsurance or divestment	25.6	149.3	(76.2)
Revenues attributable to noncontrolling interests	414.1	455.0	411.2
Other adjustments to operating revenues	255.6	313.4	358.0
Total revenues	\$11,341.2	\$11,086.9	\$8,756.5

(1) Our CBVA segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics and, therefore, its results of operations are not reflected within Operating revenues.

We believe the following tables will help investors better understand the components of the reconciliation between Operating earnings before income taxes and Income (loss) before income taxes related to Net investment gains (losses) and Net guaranteed benefits hedging gains (losses) and related charges and adjustments.

The following table presents the adjustment to Income (loss) before taxes related to Total investment gains (losses) and the related Net amortization of DAC/VOBA and other intangibles for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Other-than-temporary impairments	\$(111.9	) \$(20.3	) \$(35.7
CMO-B fair value adjustments ⁽¹⁾	(26.4	) 188.0	(87.3
Gains (losses) on the sale of securities	(14.3	) 42.3	116.0
Other, including changes in the fair value of derivatives	(4.1	) 2.6	170.9
Total investment gains (losses)	(156.7	) 212.6	163.9
Net amortization of DAC/VOBA and other intangibles on above	58.3	2.1	60.8
Net investment gains (losses), including Closed Block Variable Annuity	(98.4	) 214.7	224.7
Less: Closed Block Variable Annuity net investment gains (losses) and related charges and adjustments	(15.1	) (0.4	) 12.6
Net investment gains (losses)	\$(83.3	) \$215.1	\$212.1

⁽¹⁾ For a description of our CMO-B portfolio, see Investments - CMO-B Portfolio in Part II, Item 7. of this Annual Report on Form 10-K.

The following table presents the adjustment to Income (loss) before taxes related to Guaranteed benefit hedging gains (losses) net of DAC/VOBA and other intangibles amortization for the periods indicated. This table excludes CBVA.

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Gain (loss), excluding nonperformance risk	\$(4.5	) \$(105.9	) \$113.0
Gain (loss) due to nonperformance risk	6.7	74.5	(55.8
Net gain (loss) prior to related amortization of DAC/VOBA and sales inducements	2.2	(31.4	) 57.2
Net amortization of DAC/VOBA and sales inducements	(96.1	) 18.6	(37.8
Net guaranteed benefit hedging gains (losses) and related charges and adjustments	\$(93.9	) \$(12.8	) \$19.4

Notable Items

The tables highlight notable items that are included in Operating earnings before income taxes from the following categories: (1) large gains (losses) that are not indicative of performance in the period; and (2) items that typically recur but can be volatile from period to period (e.g., DAC/VOBA and other intangibles unlocking).

Each quarter, we update our DAC/VOBA and other intangibles based on actual historical gross profits and projections of estimated gross profits. During the third quarter of 2015, 2014 and 2013, we completed our annual review of the assumptions, including projection model inputs, in each of our segments (except for the Investment Management and Corporate segments, for which assumption reviews are not relevant). As a result of these reviews, we have made a number of changes to our assumptions resulting in net impacts to Operating earnings before income taxes for the years ended December 31, 2015, 2014 and 2013 of \$(82.0) million, \$(19.3) million and \$84.8 million, respectively. These favorable/(unfavorable) impacts are included in the table below as components of DAC/VOBA and other intangibles unlocking.

During 2014, we received \$20.0 million related to the amendment or recapture of certain reinsurance agreements ("Gain on reinsurance recapture"), which was recorded in Interest credited and other benefits to contract owners/policyholders within the Individual Life segment's Operating earnings before income tax.

During 2013, we received distributions of cash and securities in conjunction with a Lehman Brothers bankruptcy settlement ("Lehman Recovery"). In 2008, Lehman Brothers acted as a prime broker for assets held in partnership owned by the Company. In 2008, these partnership assets were written down to the then-assumed realizable value. The amount of the 2013 distribution in excess of the book value of these assets of \$135.2 million was recognized as Net investment income. Additionally, we received cash distributions of \$4.0 million and \$2.5 million in 2014 and 2015, respectively, which we recognized in Net investment income.

During 2013, we disposed of certain Low Income Housing Tax Credit partnerships ("LIHTC") as a means of exiting this asset class and as a result, we recognized losses in Net investment income of \$31.6 million. During 2015, we recognized losses of \$0.9 million on certain receivables associated with LIHTC, which were also recognized in Net investment income.

Collectively, the Lehman Recovery and LIHTC losses, net of DAC/VOBA and other intangibles impacts, are referred to as "Net gain from Lehman Recovery/LIHTC" and presented in the table below:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$(67.5	) \$(21.6	) \$133.2
Net gain from Lehman Recovery/LIHTC	1.6	4.0	87.0
Gain on reinsurance recapture	—	20.0	—

⁽¹⁾ Unlocking related to the Net gain (loss) from Lehman Recovery is excluded from DAC/VOBA and other intangibles unlocking for the year ended December 31, 2013 (and included in Net gain from Lehman Recovery/LIHTC).

⁽²⁾ DAC/VOBA and other intangibles unlocking are included in Fee income, Interest credited and other benefits to contract owners/policyholders and Net amortization of DAC/VOBA and includes the impact of the annual review of the assumptions. See DAC/VOBA and Other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form 10-K for further description.

The Net gain from Lehman Recovery/LIHTC of \$1.6 million in 2015 and the distribution of \$4.0 million in 2014 were included in the Operating earnings before income taxes of the Corporate segment in 2015 and 2014, respectively. The following table presents the net impact to Operating earnings before income taxes of the Net gain from Lehman Recovery/LIHTC and the related amortization and unlocking of DAC/VOBA and other intangibles by segment for 2013:

(\$ in millions)	December 31, 2013			
	Net investment income (loss)	DAC/VOBA and other intangibles amortization ⁽¹⁾	DAC/VOBA and other intangibles unlocking ⁽¹⁾	Net gain from Lehman Recovery/LIHTC
Retirement	\$ 15.2	\$(7.0	) \$4.7	\$ 12.9
Annuities	20.3	(11.4	) 4.6	13.5
Investment Management	13.2	—	—	13.2
Individual Life	47.2	(25.1	) 17.6	39.7
Employee Benefits	4.3	—	—	4.3
Corporate	3.2	—	—	3.2
Closed Block Other	0.2	—	—	0.2
Net gain included in segment Operating earnings before income taxes ⁽²⁾	\$ 103.6	\$(43.5	) \$26.9	\$ 87.0

⁽¹⁾ DAC/VOBA and other intangibles amortization and DAC/VOBA and other intangibles unlocking are included in Fee income, Interest credited and other benefits to contract owners/policyholders and Net amortization of DAC/VOBA. See DAC/VOBA and Other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form

10-K for further description.

(2) Amount excludes net gain for the CBVA segment of \$9.0 million for the year ended December 31, 2013.

Terminology Definitions

Net realized capital gains (losses), net realized investment gains (losses) and related charges and adjustments and Net guaranteed benefit hedging losses and related charges and adjustments include changes in the fair value of derivatives. Increases in the fair value of derivative assets or decreases in the fair value of derivative liabilities result in "gains." Decreases in the fair value of derivative assets or increases in the fair value of derivative liabilities result in "losses."

In addition, we have certain products that contain guarantees that are embedded derivatives related to guaranteed benefits and index-crediting features, while other products contain such guarantees that are considered derivatives (collectively "guaranteed benefit derivatives").

Consolidated - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net Income (Loss)

Net investment income increased \$23.0 million from \$4,614.8 million to \$4,637.8 million primarily due to an increase in general account assets in our Retirement and CBVA segments, growth in fixed indexed annuities ("FIA") in our Annuities segment and higher prepayment income. Partially offsetting the increase were lower AUM in our Closed Block Other segment as a result of continued runoff, lower alternative investment income, the impact of the continued low interest rate environment on reinvestment rates, the continuing runoff of the Annual Reset and Multi-Year Guarantee Annuities ("AR/MYGAs") in our Annuities segment and the impact of the Fourth Quarter 2014 and 2015 Reinsurance Transactions (defined below in our Individual Life segment's results of operations).

Fee income decreased \$151.4 million from \$3,632.5 million to \$3,481.1 million primarily due to lower fee income in our CBVA segment as a result of lower average separate account AUM and lower fees in the recordkeeping and full service businesses in our Retirement segment. Lower fees within our Investment Management segment, including fees associated with affiliated and collateral loan obligations ("CLO") entities, are eliminated in consolidation. These decreases were partially offset by increased cost of insurance fees on the aging in-force universal life block and the impact of prospective assumption changes in our Individual Life segment, as well as an increase in fees from growth in assets of mutual fund custodial products in our Annuities segment.

Premiums increased \$398.1 million from \$2,626.4 million to \$3,024.5 million primarily due to the sale of pension risk transfer contracts in our Retirement segment and higher group stop loss sales and favorable persistency in the group life and voluntary product lines in our Employee Benefits segment. The increase was partially offset by lower premiums from annuitization of life contingent contracts in our CBVA segment, lower premiums in immediate annuities with life contingencies in our Annuities segment and lower premiums in our Individual Life and Closed Block Other segments as a result of the Fourth Quarter 2014 and 2015 Reinsurance Transactions and the Second Quarter 2015 Reinsurance Transaction (defined below in our Closed Block Other segment's results of operations), respectively. The variances in Premiums correspond to changes in Interest credited and other benefits to contract owners/policyholders.

Net realized capital losses decreased \$145.1 million from a loss of \$878.4 million to a loss of \$733.3 million primarily due to changes in fair value of derivatives and guaranteed benefit derivatives, excluding nonperformance risk, in our CBVA segment and Ongoing Business, discussed below; the favorable variances, which included the impact of prospective assumption changes, were primarily due to unfavorable equity market movements in the current period compared to the prior period and the impact of changes in interest rates. These improvements were partially offset by unfavorable changes in investment gains (losses), which are described below under Net investment gains (losses) and related charges and adjustments, and changes in fair value of guaranteed benefit derivatives due to nonperformance risk, which resulted in an increase in Net realized capital losses of \$323.6 million, from a gain of \$402.2 million to a gain of \$78.6 million. In addition, unfavorable variances due to market value changes and sales of securities associated with business reinsured correspond to an increase in Interest credited and other benefits to contract owners/policyholders.

Changes in fair value of derivatives and guaranteed benefit derivatives, excluding nonperformance risk, in our CBVA segment resulted in a \$779.5 million decrease in Net realized capital losses, including a favorable variance of \$206.8 million due to changes in fair value of derivatives from our CBVA hedge and capital hedge overlay ("CHO") program, and a favorable variance of \$572.7 million related to changes in guaranteed benefit derivatives. In addition,

net realized capital gains increased \$169.6 million primarily due to changes in fair value of guaranteed benefit derivatives, excluding nonperformance risk in our Ongoing Business.

Other revenue decreased \$25.9 million from \$432.8 million to \$406.9 million primarily due to unfavorable changes in market value adjustments upon surrender and lower performance fees in our Investment Management segment.

Interest credited and other benefits to contract owners/policyholders increased \$572.1 million from \$5,937.9 million to \$6,510.0 million as a result of several factors, including sales of pension risk transfer contracts in our Retirement segment, reserve changes in our CBVA segment as a result of lower favorable equity market returns in the current period compared to the prior period, as well as impacts of policyholder behavior and other assumption updates, the Gain on reinsurance recapture in the prior period, and an unfavorable change in mortality, net of reinsurance, in our Individual Life segment resulting from a higher claims severity. Higher reserves in our Employee Benefits segment, primarily due to higher stop loss sales and higher group life and voluntary in-force due to improved persistency resulting in higher benefits incurred also contributed to the increase. Partially offsetting these increases were favorable changes in intangibles unlocking from prospective assumption changes primarily in the Individual Life

segment, a decrease in reserves as a result of the Fourth Quarter 2014 and 2015 Reinsurance Transactions, and favorable reserve refinements in the current period. Lower reserves associated with annuitization of life contingent contracts in our CBVA segment, a decrease in annuity payout reserves resulting from a decline in immediate annuities with life contingencies and lower interest credited driven by the continued runoff of AR/MYGAs also partially offset the overall increase. In addition, a favorable variance due to changes in the funds withheld reserve and the reinsurance deposit asset associated with business reinsured resulting from market value changes in the related assets, is partially offset by a corresponding amount recorded in Net realized capital gains (losses).

Operating expenses decreased \$458.7 million from \$3,561.7 million to \$3,103.0 million as a result of several factors, primarily \$435.4 million lower pension expenses related to the immediate recognition of \$62.7 million of net actuarial gains in 2015 compared to net actuarial losses of \$372.7 million in 2014, resulting from changes in assumptions primarily due to discount rates and actual versus expected results, discussed in further detail below. In addition, lower Operating expenses in our CBVA segment as a result of continued runoff, lower variable compensation costs, lower recordkeeping expenses and lower restructuring and rebranding costs contributed to the decrease. These decreases were partially offset by higher sales related expenses in our Employee Benefits and Annuities segments, expenses from our Strategic Investment Program, and higher fees supporting reinsurance transactions, including the impacts of the Second Quarter 2015 Reinsurance Transaction and the Fourth Quarter 2014 and 2015 Reinsurance Transactions.

Net amortization of DAC/VOBA increased \$284.1 million from \$379.3 million to \$663.4 million primarily due to unfavorable DAC/VOBA unlocking in the current period compared to the prior period, largely as a result of prospective assumption changes in our segments, and higher amortization resulting from higher gross profits in our Annuities segment. These increases were partially offset by lower amortization resulting from lower gross profits and amortization rates in our Retirement segment, lower amortization in our Employee Benefits segment as a result of a lower volume of terminated cases in the current period compared to the prior period, and lower amortization due to an unfavorable variance in Net investment gains (losses), described below.

Income (loss) before income taxes decreased \$216.7 million from \$801.2 million to \$584.5 million primarily due to unfavorable change in DAC/VOBA and other intangibles unlocking as a result of prospective assumption changes, lower alternative investment income, the impact of the continued low interest rate environment on reinvestment rates and lower net investment gains (losses), which are described below under Net investment gains (losses) and related charges and adjustments. In addition, lower fee income in our recordkeeping and full service businesses in our Retirement segment and higher expenses from our Strategic Investment Program as well as the impacts of the Second Quarter 2015 Reinsurance Transaction and the Fourth Quarter 2014 and 2015 Reinsurance Transactions and lower income (loss) attributable to noncontrolling interests contributed to the decrease. These decreases were partially offset by lower expenses related to the immediate recognition of actuarial gains (losses) related to pension and other postretirement benefit obligations, favorable reserve refinements in the current period, improved margins related to the change in mix of business between AR/MYGAs and FIAs and higher prepayment income.

Income tax expense (benefit) changed by \$1,777.4 million from \$(1,731.5) million benefit to \$45.9 million expense primarily due to a decrease in the amount of the valuation allowance released in the current period compared to the prior period, partially offset by a decrease in Income (loss) before income taxes.

Operating Earnings before Income Taxes

Operating earnings before income taxes decreased \$253.1 million from \$1,230.6 million to \$977.5 million primarily due to an unfavorable change in DAC/VOBA and other intangibles unlocking as a result of prospective assumption changes, lower alternative investment income, the impact of the continued low interest rate environment on reinvestment rates and higher Operating expenses as a result of our Strategic Investment Program. In addition, an unfavorable change in mortality largely driven by higher claims severity primarily in our Individual Life segment and lower fee income in our recordkeeping and full service businesses in our Retirement segment also contributed to the

decrease. These items were partially offset by favorable reserve refinements in the current period, improved margins related to the change in mix of business between AR/MYGAs and FIAs and higher prepayment income.

Adjustments from Income (Loss) before Income Taxes to Operating Earnings before Income Taxes

CBVA is discussed in Results of Operations - Segment by Segment - CBVA in Part II, Item 7. of this Annual Report on Form 10-K.

Net investment gains (losses) and related charges and adjustments changed by \$298.4 million from a gain of \$215.1 million to a loss of \$83.3 million as a result of unfavorable changes in fair value adjustments on our CMO-B portfolio, higher other-than-

temporary impairments, losses on the sale of securities in the current period compared to gains in the prior period, and an unfavorable variance in DAC/VOBA and other intangibles unlocking.

Net guaranteed benefit hedging gains (losses) and related charges and adjustments changed \$81.1 million from \$(12.8) million to \$(93.9) million primarily due to hedge losses resulting from a high level of market volatility in the current period, unfavorable changes due to prospective assumption updates and a decrease in the gain on nonperformance risk. Unfavorable changes due to assumption updates included favorable changes in the fair value of guaranteed benefit derivatives, excluding nonperformance risk, that were more than offset by higher DAC/VOBA and other intangibles amortization and unlocking.

Loss related to businesses exited through reinsurance or divestment increased \$12.0 million from \$157.3 million to \$169.3 million primarily due to higher costs supporting reinsurance transactions including the reinsurance transactions entered into during 2014 and 2015.

Loss related to early extinguishment of debt of \$10.1 million in the current period was primarily due to the debt extinguishment in connection with repurchased debt. See Liquidity and Capital Resources - Debt Securities - Aetna Notes in Part II, Item 7. of this Annual Report on Form 10-K for further description.

Immediate recognition of net actuarial gains (losses) related to pension and other postretirement benefit obligations and gains (losses) from plan adjustments and curtailments changed \$435.4 million. We immediately recognize actuarial gains and losses. An actuarial gain of \$62.7 million was recorded in the current period, driven primarily by the net impact of an increase in the discount rate used to value benefit obligations, a favorable update to mortality assumptions, offset by unfavorable changes in asset return assumptions. A net actuarial loss of \$372.7 million was recorded in the prior period, driven primarily by the net impact of a decrease in the discount rate used to value benefit obligations and an unfavorable update to mortality assumptions. See the Employee Benefits Plans section of the Critical Accounting Judgments and Estimates in Part II, Item 7. of this Annual Report on Form 10-K for further information.

Other adjustments to operating earnings changed \$44.1 million from \$(100.2) million to \$(56.1) million primarily due to lower restructuring and rebranding costs.

Consolidated - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net Income (Loss)

Net investment income decreased \$74.2 million from \$4,689.0 million to \$4,614.8 million primarily due to net investment income from Lehman Recovery/LIHTC in 2013 that did not recur at the same level. Excluding the impact of Lehman Recovery/LIHTC, net investment income increased as a result of higher prepayment income, growth in AUM related to FIA in our Annuities segment and higher investment income on fixed interest options in our CBVA segment as a result of a higher earned rate. Partially offsetting these increases are the impact of the continued low interest rate environment on reinvestment rates in our Ongoing Business, the continuing runoff of the AR/MYGAs in our Annuities segment, and decrease in block size in our Closed Block Other segment.

Fee income decreased \$33.8 million from \$3,666.3 million to \$3,632.5 million primarily due to lower recordkeeping fees in our Retirement segment, lower fee income in our CBVA segment as a result of lower average separate account AUM, and an unfavorable change in intangibles unlocking, primarily as a result of prospective assumption changes in our Individual Life segment. These decreases were partially offset by an increase in fees associated with higher AUM in our Retirement, Annuities, and Investment Management segments. Higher Fee income was also driven by increased cost of insurance fees on the aging in-force universal life block. Higher fees within our Investment Management segment, including fees associated with affiliated and CLO entities, are eliminated in consolidation.

Premiums increased \$670.1 million from \$1,956.3 million to \$2,626.4 million primarily due to higher premiums in immediate annuities with life contingencies in our Annuities segment, as well as higher premiums associated with the annuitization of life contingent contracts in our CBVA segment, both of which were partially offset by a reserve increase in the corresponding Interest credited and other benefits to contract owners/policyholders. Additionally, higher Premiums in our Employee Benefits segment were primarily due to increased group stop loss and voluntary product sales.

Net realized capital losses decreased \$1,658.4 million from \$2,536.8 million to \$878.4 million as a result of several factors. Changes in fair value of guaranteed benefit derivatives due to nonperformance risk resulted in a decrease in Net realized capital losses of \$955.5 million, from a loss of \$553.3 million to a gain of \$402.2 million. Changes in fair value of derivatives and guaranteed benefit derivatives, excluding nonperformance risk in our CBVA segment, described below, resulted in a \$687.7 million decrease in Net realized capital losses. In addition, changes in fair value adjustments in our CMO-B portfolio as a result of interest rate

movements reduced the Net realized capital loss. Gains from market value changes and sales of securities associated with business reinsured are partially offset by the corresponding increase in Interest credited and other benefits to contract owners/policyholders. The overall improvement was reduced by changes in fair value of guaranteed benefit derivatives, excluding nonperformance risk in our Retirement Solutions business, and unfavorable derivative mark to market adjustments, which were both largely a result of interest rate movements. Declining interest rates in 2014 compared to rising interest rates in 2013 resulted in unfavorable changes in the fair value of derivatives that are hedging our exposure to various market risks within the investment portfolio. Lower gains on the sale of securities also contributed to the offset.

As mentioned above, the result of changes in fair value of derivatives and guaranteed benefit derivatives, excluding nonperformance risk, in our CBVA segment resulted in a \$687.7 million decrease in Net realized capital losses, including favorable changes in fair value of derivatives from our CBVA hedge and CHO program of \$3,303.1 million, partially offset by an unfavorable variance of \$2,615.4 million related to changes in guaranteed benefit derivatives. The favorable variance, which included the impact of prospective assumption changes, was primarily due to lower equity market appreciation in 2014, partially offset by interest rate movements as described above. The focus in managing our CBVA segment continues to be on protecting regulatory and rating agency capital, and our hedging program is primarily designed to mitigate the impacts of market scenarios on capital resources, rather than mitigating earnings volatility.

Interest credited and other benefits to contract owners/policyholders increased \$1,440.1 million from \$4,497.8 million to \$5,937.9 million primarily driven by unfavorable guaranteed benefit reserve changes in our CBVA segment due to lower fund returns in 2014 compared to 2013 as well as the net impacts of policyholder behavior and other assumption changes in 2014 compared to 2013. In addition, we experienced unfavorable mortality changes, net of reinsurance on the universal life blocks due to an aging block, partially offset by favorable changes in reserve from lower term sales in our Individual Life segment. An increase in reserves in our Employee Benefits segment was primarily due to higher stop loss volumes, resulting in higher benefits incurred, along with slightly higher voluntary benefits. The increases were partially offset by declining contract owner account balances for our Closed Block Other segment, the Gain on reinsurance recapture in our Individual Life segment and improved loss ratios in our Employee Benefits Segment. Higher interest credited due to an increase in FIA account balances was more than offset by a decline in account balances for AR/MYGAs due to continued runoff and lower crediting rates in our Retirement and Annuities segments.

Additionally, certain other variances impacting the increase in Interest credited and other benefits to contract owners/policyholders are offset in other line items, as described below. Unfavorable intangibles unlocking from prospective assumption changes in 2014 compared to favorable unlocking in 2013 contributed to the increase, but is offset by unlocking from prospective assumption changes that is explained in Net amortization of DAC/VOBA below. An increase in reserves for immediate annuities with life contingencies in our Annuities segment and an increase in reserves associated with the annuitization of life contingent contracts in our CBVA segment are offset by the increase in Premiums described above. An increase in the funds withheld reserve and changes in the reinsurance deposit asset associated with business reinsured resulting from market value changes in the related assets are partially offset by a corresponding amount recorded in Net realized capital losses.

Operating expenses increased \$875.0 million from \$2,686.7 million to \$3,561.7 million as a result of several factors, primarily \$777.9 million higher pension expenses related to the immediate recognition of \$372.7 million of actuarial losses in the 2014 compared to a gain of \$405.2 million in 2013, resulting from changes in assumptions primarily due to discount rates, mortality and actual versus expected results. Additionally, investments in the business, higher expenses from operating as a public company, increased costs in 2014 related to rebranding and restructuring, higher commissions, and higher share-based compensation contributed to the increase as well as higher credit facility fees supporting reinsurance transactions, including a termination fee related to the Fourth Quarter 2014 Reinsurance Transaction. These increases were partially offset by lower recordkeeping expenses and lower letter of credit ("LOC") expenses in our Closed Block Other segment due to lower collateral requirements. In addition, we incurred certain

expenses in 2013 that did not reoccur, including costs related to the divestment of the Company by ING Group and LOC expenses associated with the contingent capital LOC facility supporting our CBVA segment that was terminated in 2013.

Net amortization of DAC/VOBA decreased \$63.5 million from \$442.8 million to \$379.3 million primarily due to favorable unlocking in 2014 compared to 2013 as a result of prospective assumption changes in our Individual Life and CBVA segments and lower amortization on guaranteed benefit hedging gains (losses). Additionally, lower amortization on Individual Life segment's universal life blocks was driven by lower gross profits. An unfavorable variance driven by prospective assumptions changes in our Retirement, Annuities and Employee Benefits segments, higher amortization related to realized investment gains, and higher amortization in our Employee Benefits segment resulting from terminated cases partially offset these items.

Interest expense increased \$4.9 million from \$184.8 million to \$189.7 million primarily due to a change in debt structure over the course of 2013. See a description of the change in debt structure under Liquidity and Capital Resources - Debt Securities in Part II, Item 7. of this Annual Report on Form 10-K.

Income before income taxes increased \$45.1 million from \$756.1 million to \$801.2 million as a result of several factors. Lower losses related to the incurred guaranteed benefits and guarantee hedge program in our CBVA segment, including changes in the fair value of guaranteed benefit derivatives related to nonperformance risk and a favorable variance related to the impact of prospective assumption changes, contributed to the increase. Higher sales and improved loss ratios in our Employee Benefits segment, improved margins in our Annuities and Investment Management segments, as well as an increase in fees in our Retirement, Annuities, and Investment Management segments associated with higher AUM also contributed to the improvement. In addition, higher prepayment income, as well as higher income (loss) attributable to noncontrolling interests improved the overall result. These increases were partially offset by higher Operating expenses, including higher expenses related to the immediate recognition of actuarial gains (losses) related to pension and post retirement plans as well as a termination fee related to the Fourth Quarter 2014 Reinsurance Transaction. Also offsetting the overall improvement were the Net gain from Lehman Recovery/LIHTC in 2013 that did not recur at the same level, and an unfavorable variance in DAC/VOBA and other intangibles unlocking related to the impact of prospective assumption changes in our Ongoing Business, in addition to the impact of the continued low interest rate environment on reinvestment rates.

Income tax benefit increased \$1,699.0 million from \$32.5 million to \$1,731.5 million. The primary driver of the increase was related to the change in the amount of the valuation allowance released of approximately \$1.75 billion. In 2013, the valuation allowance release of \$85.9 million was related to income generation. In 2014, the valuation allowance release of \$1.83 billion was related to income generation and significant positive evidence overcoming historical negative evidence, which allowed previously established valuation allowances to be released.

Operating Earnings before Income Taxes

Operating earnings before income taxes decreased \$38.0 million from \$1,268.6 million to \$1,230.6 million as a result of several factors, including the Net gain from Lehman Recovery/LIHTC in 2013 that did not recur at the same level and an unfavorable variance in DAC/VOBA and other intangibles unlocking related to the impact of prospective assumption changes. Excluding these items, Operating earnings before income taxes increased due to higher prepayment income, higher sales and improved loss ratios in our Employee Benefits segment, improved margins in our Annuities and Investment Management segments, and an increase in fees associated with higher AUM. Reducing the improvements were unfavorable mortality changes, net of reinsurance on the universal life blocks due to an aging block, partially offset by favorable changes in reserves from lower term sales in our Individual Life segment, the impact of the continued low interest rate environment on reinvestment rates across multiple segments, and higher Operating expenses.

Adjustments from Income (Loss) before Income Taxes to Operating Earnings before Income Taxes

CBVA is discussed in Results of Operations - Segment by Segment - CBVA in Part II, Item 7. of this Annual Report on Form 10-K.

Net investment gains increased \$3.0 million from \$212.1 million to \$215.1 million as a result of several factors which largely offset. Changes in fair value adjustments on our CMO-B portfolio were offset by unfavorable derivative mark to market adjustments due to interest rate movements as well as lower gains on the sale of securities. Total investment gains were partially offset by higher DAC/VOBA and other intangibles amortization related to realized gains in our Retirement Solutions business, as well as lower favorable DAC/VOBA and other intangibles unlocking primarily related to assumption changes in our Retirement segment.

Net guaranteed benefit hedging gains (losses) and related charges and adjustments decreased \$32.2 million from \$19.4 million to \$(12.8) million primarily due to changes in the fair value of guaranteed benefit derivatives excluding nonperformance risk, as a result of interest rate and equity market movements. The decrease was partially offset by \$130.3 million in changes in the fair value of guaranteed benefit derivatives related to nonperformance risk (including

changes in the technique used to estimate nonperformance risk).

Losses related to businesses exited through reinsurance or divestment increased \$97.5 million from \$59.8 million to \$157.3 million primarily due to \$89.4 million of charges in 2014 as a result of our decision to exit a block of term life insurance business through reinsurance. Additionally, we experienced losses associated with a block of business in our Retirement segment that was reinsured during 2014, which were partially offset by lower costs associated with the business transferred via reinsurance from us to Hannover Re.

Immediate recognition of net actuarial gains (losses) related to pension and other postretirement benefit obligations and (losses) from plan adjustments and curtailments decreased \$777.9 million. We immediately recognize actuarial gains and losses. A net actuarial loss of \$372.2 million was recorded in 2014, driven primarily by the net impact of a decrease in the discount rate used

to value benefit obligations and an update to mortality assumptions. A net actuarial gain of \$405.2 million was recorded in 2013, primarily due to strong investment returns in the assets of the pension plan and an increase in the discount rate.

Other adjustments to operating earnings changed \$32.0 million from \$(68.2) million to \$(100.2) million primarily due to rebranding and restructuring expenses in 2014, partially offset by costs related to the divestment of the Company by ING Group in 2013 that did not reoccur.

Results of Operations - Ongoing Business

We consider the Retirement, Annuities, Investment Management, Individual Life, and Employee Benefits segments to be our Ongoing Business. The following table summarizes Operating earnings before income taxes of our Ongoing Business for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating earnings before income taxes	\$1,214.3	\$1,376.3	\$1,428.6

The following table presents certain notable items that resulted in volatility in Operating earnings before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$(67.5	) \$(21.6	) \$133.2
Net gain from Lehman Recovery/LIHTC	—	—	83.6
Gain on reinsurance recapture	—	20.0	—

⁽¹⁾ Unlocking related to the Net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the year ended December 31, 2013 (and included in Net gain from Lehman Recovery/LIHTC).

⁽²⁾ DAC/VOBA and other intangibles unlocking are included in Fee income, Interest credited and other benefits to contract owners/policyholders and Net amortization of DAC/VOBA and includes the impact of the annual review of assumptions. See DAC/VOBA and other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form 10-K for further description.

Ongoing Business - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating earnings before income taxes decreased \$162.0 million from \$1,376.3 million to \$1,214.3 million primarily due to an unfavorable change in DAC/VOBA and other intangibles unlocking as a result of prospective assumption changes, an unfavorable change in mortality largely driven by higher claims severity primarily in our Individual Life segment, lower fee income in our recordkeeping and full service businesses, lower alternative investment income and the impact of the continued low interest rate environment on reinvestment rates. These items were partially offset by favorable reserve refinements in the current period, improved margins related to the change in mix of business between AR/MYGAs and FIAs and higher prepayment income.

Ongoing Business - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating earnings before income taxes decreased \$52.3 million from \$1,428.6 million to \$1,376.3 million including the Net gain from Lehman Recovery/LIHTC in 2013 that did not reoccur and an unfavorable variance in DAC/VOBA and other intangibles unlocking related to the impact of prospective assumption changes. Excluding these items, Operating earnings before income taxes increased due to higher prepayment income, higher sales and improved loss ratios in our Employee Benefits segment, improved margins in our Annuities and Investment Management segments, and an increase in fees associated with higher AUM. Reducing the improvements were unfavorable mortality changes,

net of reinsurance on the universal life blocks due to an aging block, partially offset by changes in reserves from lower term sales in our Individual Life segment, the impact of the continued low interest rate environment on reinvestment rates across multiple segments, and higher Operating expenses.

Results of Operations - Segment by Segment

Retirement and Investment Solutions - Retirement

The following table presents Operating earnings before income taxes of our Retirement segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Net investment income and net realized gains (losses)	\$1,578.0	\$1,556.1	\$1,569.6
Fee income	736.1	772.3	759.9
Premiums	613.4	26.6	5.7
Other revenue	66.6	72.4	64.2
Total operating revenues	2,994.1	2,427.4	2,399.4
Operating benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	1,469.3	860.3	848.4
Operating expenses	869.6	866.2	839.9
Net amortization of DAC/VOBA	184.6	183.1	115.3
Total operating benefits and expenses	2,523.5	1,909.6	1,803.6
Operating earnings before income taxes	\$470.6	\$517.8	\$595.8

The following table presents certain notable items that represented the volatility in Operating earnings before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$(37.2	) \$(30.0	) \$45.6
Net gain from Lehman Recovery/LIHTC	—	—	12.9

⁽¹⁾ Unlocking related to the Net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the year ended December 31, 2013 (and included in Net gain from Lehman Recovery/LIHTC).

⁽²⁾ Includes the impacts of the annual review of assumptions. See DAC/VOBA and Other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form 10-K for further description.

The DAC/VOBA and other intangibles unlocking in the table above includes the impact of the annual review of the assumptions, completed in the third quarter 2015, 2014 and 2013, of \$(39.0) million, \$(18.8) million and \$29.3 million, respectively, which was included in Net amortization of DAC/VOBA. The unlocking in 2015 was primarily driven by changes in portfolio yields and projected margins partially offset by favorable lapse and renewal premium experience.

The following tables present AUM and AUA for our Retirement segment as of the dates indicated:

(\$ in millions)	As of December 31,		
	2015	2014	2013
Corporate markets	\$45,088.6	\$43,806.9	\$40,123.7
Tax exempt markets ⁽¹⁾	51,641.9	53,896.6	53,200.5
Total full service plans	96,730.5	97,703.5	93,324.2
Stable value ⁽²⁾ and pension risk transfer	10,762.9	8,778.4	8,914.3
Retail wealth management	3,313.7	3,211.4	2,998.4
Total AUM	110,807.1	109,693.3	105,236.9
AUA	180,949.9	244,851.2	237,777.1
Total AUM and AUA ⁽¹⁾	\$291,757.0	\$354,544.5	\$343,014.0

⁽¹⁾ Balances as of December 31, 2015 and 2014 reflect the reduction of assets transferred to reinsurer.

⁽²⁾ Consists of assets where we are the investment manager.

(\$ in millions)	As of December 31,		
	2015	2014	2013
General Account ⁽¹⁾	\$29,752.6	\$27,716.3	\$28,169.2
Separate Account	56,641.9	59,641.9	57,654.0
Mutual Fund/Institutional Funds	24,412.6	22,335.1	19,413.7
AUA	180,949.9	244,851.2	237,777.1
Total AUM and AUA	\$291,757.0	\$354,544.5	\$343,014.0

⁽¹⁾ Balances as of December 31, 2015 and 2014 reflect the reduction of assets transferred to reinsurer.

The following table presents a rollforward of AUM for our Retirement segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Balance as of beginning of period	\$109,693.3	\$105,236.9	\$90,471.2
Deposits	15,921.9	14,251.1	14,856.0
Surrenders, benefits and product charges	(15,358.2	) (14,497.8	) (12,397.5
Net flows	563.7	(246.7	) 2,458.5
Interest credited and investment performance	550.1	5,611.9	12,307.2
Transfer to reinsurer	—	(908.8) —
Balance as of end of period	\$110,807.1	\$109,693.3	\$105,236.9

Effective April 1, 2014, we entered into a coinsurance agreement to reinsure a block of in-force fixed deferred annuity contracts (the "Second Quarter 2014 Reinsurance Transaction"). This transaction was accounted for using deposit accounting. Under the agreement, the counterparty contractually assumed from us certain policyholder liabilities and obligations, although we remain obligated to contract owners. Consistent with our practice to exclude business (including blocks of business) exited via reinsurance or divestment from Operating earnings before income taxes and from Operating revenues, the revenues and expenses of this reinsured block of business are excluded from these metrics and in the tables above for the current period.

Retirement - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating revenues

Net investment income and net realized gains (losses) increased \$21.9 million from \$1,556.1 million to \$1,578.0 million primarily due to the growth in general account assets driven by positive net flows, including participants' transfers from variable investment options into fixed investment options, and higher prepayment income. These increases were partially offset by lower alternative investment income, the impact of the Second Quarter 2014 Reinsurance Transaction and the impact of the continued low interest rate environment on reinvestment rates.

Fee income decreased \$36.2 million from \$772.3 million to \$736.1 million primarily due to lower fees in our recordkeeping and full service businesses. The decrease in recordkeeping fees was primarily due to terminated contracts. The decrease in full service retirement plan fees was primarily driven by net decreases in separate account AUM, mainly due to participants' transfers from variable investment options into fixed investment options.

Premiums increased \$586.8 million from \$26.6 million to \$613.4 million primarily due to pension risk transfer contracts, which corresponds to higher Interest credited and other benefits to contract owners/policyholders below.

Other revenue decreased \$5.8 million from \$72.4 million to \$66.6 million primarily due to unfavorable changes in market value adjustments related to plan sponsors upon surrender during the current period.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$609.0 million from \$860.3 million to \$1,469.3 million primarily due to the increase in reserves associated with the pension risk transfer contracts as well as higher general account liabilities, which correspond to the growth in general account assets as referenced above. The increase was partially offset by the impact of the Second Quarter 2014 Reinsurance Transaction.

Operating expenses increased \$3.4 million from \$866.2 million to \$869.6 million due to higher distribution expenses and asset based commissions, partially offset by lower recordkeeping expenses associated with terminated contracts.

Net amortization of DAC/VOBA increased \$1.5 million from \$183.1 million to \$184.6 million due to higher unfavorable DAC/VOBA unlocking as a result of assumption updates. This increase was partially offset by higher favorable DAC/VOBA unlocking resulting from participants' transfers into fixed investment options and lower amortization primarily due to lower gross profits and amortization rates.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$47.2 million from \$517.8 million to \$470.6 million primarily due to higher unfavorable DAC/VOBA unlocking as a result of assumption updates, the impact of terminated contracts in the recordkeeping business and lower alternative investment income in the current period. In addition, the increase in distribution expenses and asset based commissions contributed to the decrease. These unfavorable changes are partially offset by higher prepayment income, higher favorable DAC/VOBA unlocking resulting from participants' transfers into fixed investment options and lower DAC/VOBA amortization primarily due to a decline in gross profits and amortization rates.

Retirement - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating revenues

Net investment income and net realized gains (losses) decreased \$13.5 million from \$1,569.6 million to \$1,556.1 million primarily due to the impact of the Second Quarter 2014 Reinsurance Transaction in 2014 and \$14.8 million of net investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur. Excluding these impacts, investment income increased due to the growth of general account assets and higher prepayment income partially offset by lower alternative investment income and lower CMO-B investment income. The decrease in investment income on the CMO-B portfolio was primarily driven by market conditions and reinvestment rates that were lower than the yields of the investments that matured.

Fee income increased \$12.4 million from \$759.9 million to \$772.3 million primarily due to an increase in full service retirement plan fees partially offset by lower fees in our recordkeeping business. The increase in full service retirement plan fees was driven by net increases in separate account and institutional mutual fund AUM. These increases were partially offset by a decrease in recordkeeping fees primarily due to reductions in change order fees as well as terminated contracts.

Premiums increased \$20.9 million from \$5.7 million to \$26.6 million primarily due to the new pension risk transfer contracts which is offset by higher Interest credited and other benefits to contract owners/policyholders below.

Other revenue increased \$8.2 million from \$64.2 million to \$72.4 million primarily due to changes in market value adjustments related to plan sponsors upon surrender and higher broker-dealer revenues during 2014.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$11.9 million from \$848.4 million to \$860.3 million primarily due to higher general account liabilities, which correspond to the growth in general account assets as well as the increase in reserves associated with the pension risk transfer contracts as referenced above. This increase was partially offset by the impact of the Second Quarter 2014 Reinsurance Transaction, along with a decrease in the average credited rates due to actions taken in 2014 to reflect the continuing low interest rate environment.

Operating expenses increased \$26.3 million from \$839.9 million to \$866.2 million due to investments in the business, higher asset based commissions in 2014, higher share-based compensation and increased contingent capital facility fees associated with the stable value business. This was offset by decreased recordkeeping expenses, due to terminated contracts, and lower expenses in 2014 from the impact of the Second Quarter 2014 Reinsurance Transaction.

Net amortization of DAC/VOBA increased \$67.8 million from \$115.3 million to \$183.1 million primarily due to the impact of equity market performance and prospective assumption changes on DAC/VOBA unlocking, resulting in unfavorable unlocking in 2014 compared to favorable unlocking in 2013, partially offset by lower amortization rates.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$78.0 million from \$595.8 million to \$517.8 million primarily due to unfavorable DAC/VOBA unlocking in 2014 compared to favorable unlocking in 2013 as well as the Lehman Recovery/LIHTC in 2013 that did not reoccur. Excluding these impacts, Operating earnings before income taxes increased primarily due to higher Fee income and lower amortization rate on DAC/VOBA, partially offset by higher Operating expenses.

Retirement and Investment Solutions - Annuities

The following table presents Operating earnings before income taxes of the Annuities segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Net investment income and net realized gains (losses)	\$1,068.1	\$1,109.6	\$1,149.9
Fee income	63.6	57.0	45.1
Premiums	116.4	169.0	36.4
Other revenue	14.5	17.8	13.2
Total operating revenues	1,262.6	1,353.4	1,244.6
Operating benefits and expenses:			

Edgar Filing: Voya Financial, Inc. - Form 10-K

Interest credited and other benefits to contract owners/policyholders	697.9	813.1	730.9
Operating expenses	152.3	139.8	127.0
Net amortization of DAC/VOBA	169.4	138.5	92.9
Total operating benefits and expenses	1,019.6	1,091.4	950.8
Operating earnings before income taxes	\$243.0	\$262.0	\$293.8

The following table presents certain notable items that resulted in volatility in Operating earnings before income taxes:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$12.5	\$26.4	\$83.3
Net gain from Lehman Recovery/LIHTC	—	—	13.5

⁽¹⁾ Unlocking related to the Net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the year ended December 31, 2013 (and included in Net gain from Lehman Recovery/LIHTC).

⁽²⁾ Includes the impacts of the annual review of assumptions. See DAC/VOBA and Other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form 10-K for further description.

The DAC/VOBA and other intangibles unlocking in the table above includes the impact of the annual review of the assumptions, completed in the third quarter 2015, 2014 and 2013, of \$(18.0) million, \$10.3 million and \$34.9 million, respectively, which was included in Net amortization of DAC/VOBA. The unlocking in 2015 was driven primarily by revisions to projected margins for FIAs.

The following table presents AUM for our Annuities segment as of the dates indicated:

(\$ in millions)	As of December 31,		
	2015	2014	2013
AUM:			
General account	\$21,790.6	\$21,795.5	\$22,432.2
Separate account	743.4	792.5	829.6
Mutual funds	4,501.8	4,062.0	3,384.9
Total AUM	\$27,035.8	\$26,650.0	\$26,646.7

The following table presents a rollforward of AUM for our Annuities segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Balance at beginning of period	\$26,650.0	\$26,646.7	\$26,101.1
Deposits	3,224.4	3,044.7	2,632.0
Surrenders, benefits and product charges	(3,350.5)	(4,115.1)	(3,528.9)
Net flows	(126.1)	(1,070.4)	(896.9)
Interest credited and investment performance	511.9	1,073.7	1,442.5
Balance as of end of period	\$27,035.8	\$26,650.0	\$26,646.7

Annuities - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating revenues

Net investment income and net realized gains (losses) decreased \$41.5 million from \$1,109.6 million to \$1,068.1 million primarily due to lower average general account assets resulting from the continued run-off of the AR/MYGAs and lower alternative investment income. Partially offsetting these items was higher investment income resulting from the growth in FIAs and higher prepayment income.

Fee income increased \$6.6 million from \$57.0 million to \$63.6 million primarily due to growth in assets of mutual fund custodial products. Average assets of mutual fund custodial products increased from \$3.7 billion to \$4.4 billion during the current year due to positive net flows and market performance.

Premiums decreased \$52.6 million from \$169.0 million to \$116.4 million primarily due to lower premiums in immediate annuities with life contingencies which correspond to lower Interest credited and other benefits to contract owners/policyholders.

Other revenue decreased \$3.3 million from \$17.8 million to \$14.5 million primarily due to changes in market value adjustments related to annuities upon surrender.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased \$115.2 million from \$813.1 million to \$697.9 million primarily due to a decrease in payout reserves resulting from a decrease in immediate annuities with life contingencies and a reserve adjustment related to a valuation model refinement. Also contributing to the decline was lower interest credited, due to the continued run-off of the AR/MYGAs, as referenced above. The change in the mix of business between AR/MYGAs and FIAs had a favorable impact on total interest credited, since option costs of FIAs are lower than credited rates on AR/MYGAs. These favorable changes are partially offset by unfavorable sales inducement amortization in the current period and lower favorable mortality results on the Payout block.

Operating expenses increased \$12.5 million from \$139.8 million to \$152.3 million primarily due to higher mutual fund and FIA commissions and increases in distribution and technology expenses.

Net amortization of DAC/VOBA increased \$30.9 million from \$138.5 million to \$169.4 million primarily due to an increase in amortization due to higher gross profits in the current period, as well as unfavorable DAC/VOBA unlocking due to annual assumption updates. These unfavorable changes were partially offset by the impact of lower amortization rates.

Operating earnings before taxes decreased \$19.0 million from \$262.0 million to \$243.0 million as a result of unfavorable DAC/VOBA unlocking resulting from annual assumption updates, lower alternative investment income, lower favorable mortality results on the Payout block, and higher operating expenses. Partially offsetting these items were improved margins related to the change in mix of business between AR/MYGAs and FIAs, higher prepayment income and a reserve adjustment related to a valuation model refinement.

Annuities - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating revenues

Net investment income and net realized gains (losses) decreased \$40.3 million from \$1,149.9 million to \$1,109.6 million primarily due to \$20.3 million of net investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur. In addition to the impact of Lehman Recovery/LIHTC, net investment income was lower due to several factors, including lower CMO-B investment income driven by market conditions and reinvestment rates that were lower than the yields of the investments that matured, lower general account assets resulting from the continuing run-off of the AR/MYGAs, and reductions in required capital. Partially offsetting these declines were higher investment income resulting from the growth in FIAs and higher investment income resulting from changes to the mix of the portfolio.

Fee income increased \$11.9 million from \$45.1 million to \$57.0 million due to growth in assets of mutual fund custodial products. Average assets of the mutual fund custodial products increased 28% from \$2.9 billion in the prior year to \$3.7 billion in 2014 due to positive net flows and market performance.

Premiums increased \$132.6 million from \$36.4 million to \$169.0 million due to higher premiums in immediate annuities with life contingencies.

Other revenue increased \$4.6 million from \$13.2 million to \$17.8 million due to changes in market value adjustments related to annuities upon surrender.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$82.2 million from \$730.9 million to \$813.1 million primarily due to an increase in immediate annuities with life contingencies and an increase in interest credited due to an increase in FIA account balances. This was partially offset by a decrease in interest credited, driven

by a decline in the AR/MYGAs. The change in mix of business between Annual Reset/MYGAs and FIAs had a favorable impact on total interest credited, since option costs of FIAs are lower than credited rates on AR/MYGAs.

Operating expenses increased \$12.8 million from \$127.0 million to \$139.8 million primarily due to higher FIA and mutual fund commissions and increased distribution expenses.

Net amortization of DAC/VOBA increased \$45.6 million from \$92.9 million to \$138.5 million primarily due to lower favorable DAC/VOBA unlocking in the current period resulting from prospective assumption changes. Excluding the impact from unlocking, Net amortization of DAC/VOBA decreased primarily due to lower amortization rates resulting from an update to margin projections in 2013.

Operating earnings before income taxes

Operating earnings before taxes decreased \$31.8 million from \$293.8 million to \$262.0 million primarily driven by net investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur and lower favorable DAC/VOBA and other intangibles unlocking in 2014 resulting from prospective assumption changes. Excluding these impacts, Operating earnings before income taxes increased as a result of several factors including improved margins related to the change in mix of business between AR/MYGAs and FIAs, an increase in Fee income from mutual fund custodial products and a lower amortization rate on DAC/VOBA and other intangibles.

Retirement and Investment Solutions - Investment Management

The following table presents Operating earnings before income taxes of our Investment Management segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Net investment income and net realized gains (losses)	\$1.1	\$19.7	\$37.0
Fee income	584.6	591.1	530.8
Other revenue	36.5	44.6	39.9
Total operating revenues	622.2	655.4	607.7
Operating benefits and expenses:			
Operating expenses	440.3	445.1	429.6
Total operating benefits and expenses	440.3	445.1	429.6
Operating earnings before income taxes	\$181.9	\$210.3	\$178.1

Our Investment Management operating segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees.

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Investment Management intersegment revenues	\$158.2	\$157.3	\$157.8

The following table presents certain notable items that resulted in volatility in Operating earnings before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Net gain from Lehman Recovery	\$—	\$—	\$13.2

The following table presents AUM and AUA for our Investment Management segment as of the dates indicated:

(\$ in millions)	As of December 31,		
	2015	2014	2013
AUM:			
Institutional/retail			
Investment Management sourced	\$68,143.7	\$69,644.3	\$66,362.2
Affiliate sourced ⁽¹⁾	54,403.4	58,956.2	53,935.0
General account	78,174.1	77,630.2	78,988.8
Total AUM	200,721.2	206,230.7	199,286.0
AUA:			
Affiliate sourced ⁽²⁾	48,820.2	52,396.5	58,462.8
Total AUM and AUA	\$249,541.4	\$258,627.2	\$257,748.8

⁽¹⁾ Affiliate sourced AUM includes assets sourced by other segments and also reported as AUM or AUA by such other segments.

⁽²⁾ Affiliate sourced AUA includes assets sourced by other segments and also reported as AUA or AUM by such other segments.

The following table presents net flows for our Investment Management segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Net Flows:			
Investment Management sourced	\$(517.7	) \$1,136.4	\$7,777.7
Affiliate sourced	(4,088.0	) 1,879.4	978.7
Total	\$(4,605.7	) \$3,015.8	\$8,756.4

Investment Management - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating revenues

Net investment income and net realized gains (losses) decreased \$18.6 million from \$19.7 million to \$1.1 million primarily due to lower alternative investment income in the current period.

Fee income decreased \$6.5 million from \$591.1 million to \$584.6 million primarily due to a decline in institutional/retail average AUM partly driven by net flows resulting in lower management and administrative fees earned. The unfavorable variance is also driven by certain fees earned in the prior period associated with private equity funds that did not reoccur in the current period.

Other revenue decreased \$8.1 million from \$44.6 million to \$36.5 million primarily due to lower performance fees earned in the current period. The decrease was partially offset by higher advisory and servicing fees.

Operating benefits and expenses

Operating expenses decreased \$4.8 million from \$445.1 million to \$440.3 million primarily due to lower compensation related expenses including lower variable expenses associated with lower operating earnings partially offset by higher commissions from higher sales.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$28.4 million from \$210.3 million to \$181.9 million primarily due to lower alternative investment income, a decline in institutional/retail average AUM as well as lower performance fees earned in the current period. These unfavorable changes were partially offset by lower variable expenses associated with lower operating earnings.

Investment Management - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating revenues

Net investment income and net realized gains (losses) decreased \$17.3 million from \$37.0 million to \$19.7 million primarily due to net investment income from Lehman Recovery in 2013 that did not reoccur and lower alternative investment income.

Fee income increased \$60.3 million from \$530.8 million to \$591.1 million primarily due to growth in Institutional/retail AUM resulting in higher management and administrative fees earned. The increase in AUM is predominately driven by improved equity markets and the cumulative impact of positive net flows, including sub-advisor replacements.

Other revenue increased \$4.7 million from \$39.9 million to \$44.6 million primarily due to higher performance fees partially offset by lower servicing fees.

Operating benefits and expenses

Operating expenses increased \$15.5 million from \$429.6 million to \$445.1 million primarily due to higher variable compensation due to growth in AUM and Operating earnings before income taxes, partially offset by lower variable expenses associated with lower sales in 2014.

Operating earnings before income taxes

Operating earnings before income taxes increased \$32.2 million from \$178.1 million to \$210.3 million primarily due to higher performance fees and higher Fee income resulting from the increase in AUM. The increases were partially offset by the Lehman Recovery in 2013 that did not reoccur, lower alternative investment income and higher Operating expenses, including higher variable compensation associated with the growth in AUM.

Insurance Solutions - Individual Life

The following table presents Operating earnings before income taxes of our Individual Life segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Net investment income and net realized gains (losses)	\$879.4	\$885.1	\$915.5
Fee income	1,172.4	1,111.6	1,113.7
Premiums	548.0	699.6	737.9
Other revenue	16.9	21.5	24.8
Total operating revenues	2,616.7	2,717.8	2,791.9
Operating benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	1,923.3	2,115.6	2,001.5
Operating expenses	351.8	359.2	358.3
Net amortization of DAC/VOBA	168.9	5.7	176.2
Interest expense	—	—	1.1
Total operating benefits and expenses	2,444.0	2,480.5	2,537.1
Operating earnings before income taxes	\$172.7	\$237.3	\$254.8

The following table presents certain notable items that resulted in volatility in Operating earnings before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$(38.4	) \$(10.2	) \$4.8
Net gain from Lehman Recovery/LIHTC	—	—	39.7
Gain on reinsurance recapture	—	20.0	—

⁽¹⁾ Unlocking related to the Net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the year ended December 31, 2013 (and included in Net gain from Lehman Recovery/LIHTC).

⁽²⁾ Includes the impacts of the annual review of assumptions. See DAC/VOBA and Other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form 10-K for further description.

The DAC/VOBA and other intangibles unlocking in the table above includes the impact of the annual review of the assumptions, completed in the third quarter 2015, 2014 and 2013, of \$(23.0) million, \$(9.5) million and \$20.6 million, respectively. The net unfavorable unlocking in 2015 was primarily driven by higher persistency on less profitable policies.

The following table presents the impact of the annual review of assumptions including prospective assumption updates by line item for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Fee income	\$1.2	\$(33.2	) \$(6.0
Interest credited and other benefits to contract owners/policyholders	(34.8	) (138.6	) 22.4
Net amortization of DAC/VOBA	(2.2	) 162.8	4.2
Total ⁽¹⁾	\$(35.8	) \$(9.0	) \$20.6

⁽¹⁾Amounts also include \$(12.8) million and \$0.5 million related to prospective assumption updates for 2015 and 2014, respectively.

The following table presents sales, gross premiums, in-force and policy count for our Individual Life segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Sales by Product Line:			
Universal life:			
Guaranteed	\$0.1	\$0.1	\$0.6
Accumulation	5.1	9.8	12.7
Indexed	71.8	49.8	27.6
Total universal life	77.0	59.7	40.9
Variable life	5.5	7.2	8.6
Whole life	—	0.1	0.2
Term	17.8	28.0	50.1
Total sales by product line	\$100.3	\$95.0	\$99.8
Total gross premiums and deposits	\$1,877.2	\$2,014.7	\$1,997.1
End of period:			
In-force face amount	\$357,220.0	\$475,815.7	\$604,990.2
In-force policy count	926,918	1,124,771	1,332,148
New business policy count (paid) ⁽¹⁾	20,220	30,548	53,237

⁽¹⁾ Balances as of December 31, 2015 and 2014 reflect the reduction of assets transferred to reinsurer.

Effective October 1, 2014, we disposed of, via reinsurance, a block of in-force term life contracts (the "Fourth Quarter 2014 Reinsurance Transaction"). Effective October 1, 2015, we also disposed of, via reinsurance, a block of in-force term life contracts ("Fourth Quarter 2015 Reinsurance Transaction", collectively the "Fourth Quarter 2014 and 2015 Reinsurance Transactions"). Consistent with our practice to exclude business (including blocks of business) exited via reinsurance or divestment from operating earnings before income taxes and from Operating revenues, the revenues and expenses of these reinsured blocks of business are excluded from these metrics and excluded from the respective periods in the tables above. See Liquidity and Capital Resources-Reinsurance in Part II, Item 7. of this Annual Report on Form 10-K for further description.

Individual Life - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating revenues

Net investment income and net realized gains (losses) decreased \$5.7 million from \$885.1 million to \$879.4 million primarily due the impacts of the Fourth Quarter 2014 and 2015 Reinsurance Transactions, lower alternative investment income and the impact of the continued low interest rate environment on reinvestment rates, partially offset by a change in the mix of invested assets and higher prepayment income.

Fee income increased \$60.8 million from \$1,111.6 million to \$1,172.4 million primarily due to favorable intangible unlocking resulting from prospective assumption changes and an increase in cost of insurance fees on the aging in-force universal life block.

Premiums decreased \$151.6 million from \$699.6 million to \$548.0 million primarily due to the impacts of the Fourth Quarter 2014 and 2015 Reinsurance Transactions.

Other revenue decreased \$4.6 million from \$21.5 million to \$16.9 million primarily due to proceeds from legacy company owned life insurance in the prior period that did not reoccur.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders decreased \$192.3 million from \$2,115.6 million to \$1,923.3 million primarily due to the impacts of the Fourth Quarter 2014 and 2015 Reinsurance Transactions, lower unfavorable intangible unlocking primarily related to prospective assumption updates and a favorable reserve refinement related to indexed universal life products in the current period. These decreases were partially offset by unfavorable changes in mortality, net of reinsurance, resulting from higher claims severity and the Gain on reinsurance recapture in the prior period.

Operating expenses decreased \$7.4 million from \$359.2 million to \$351.8 million primarily due to the impacts of the Fourth Quarter 2014 and 2015 Reinsurance Transactions along with lower staffing costs. These decreases were partially offset by increased credit facility fees supporting reinsurance transactions and higher commissions.

Net amortization of DAC/VOBA increased \$163.2 million from \$5.7 million to \$168.9 million primarily due to unfavorable DAC/VOBA unlocking from prospective assumption changes. The unfavorable DAC/VOBA unlocking in the current period was partially offset by intangibles unlocking explained in the Interest credited and other benefits to contract owners/policyholders and Fee income lines above. Excluding the impact of unlocking, net amortization of DAC/VOBA decreased due to lower amortization on the term life block as a result of the impacts of the Fourth Quarter 2014 and 2015 Reinsurance Transactions, partially offset by higher amortization on the universal life block due to higher amortization rates.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$64.6 million from \$237.3 million to \$172.7 million primarily due to an unfavorable change in mortality, net of reinsurance, from a higher claims severity, net unfavorable DAC/VOBA and other intangibles unlocking from prospective assumption changes, the impacts of the Fourth Quarter 2014 and 2015 Reinsurance Transactions, and the Gain on reinsurance recapture in the prior period. These decreases were partially offset by an increase in the cost of insurance fees on the aging in-force universal life block, and a favorable reserve refinement related to indexed universal life products in the current period.

Individual Life - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating revenues

Net investment income and net realized gains (losses) decreased \$30.4 million from \$915.5 million to \$885.1 million primarily due to \$47.2 million of net investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur. Excluding the impact of Lehman Recovery/LIHTC, investment income increased resulting from portfolio restructuring.

Fee income decreased \$2.1 million from \$1,113.7 million to \$1,111.6 million primarily due to higher unfavorable intangible unlocking in the current period resulting from prospective assumption changes. Excluding the impact from unlocking, Fee income increased primarily due to an increase in cost of insurance fees on the aging in-force universal life block.

Premiums decreased \$38.3 million from \$737.9 million to \$699.6 million primarily due to the impact of the Fourth Quarter 2014 Reinsurance Transaction. Excluding the impact of this transaction, Premiums increased slightly due to renewal premiums partially offset by lower first year premiums due to lower term life sales.

Other revenue decreased \$3.3 million from \$24.8 million to \$21.5 million due to lower surrender fees on the universal life block.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$114.1 million from \$2,001.5 million to \$2,115.6 million primarily due to unfavorable intangibles unlocking from prospective assumption changes in 2014 compared to favorable unlocking in 2013, partially offset by the impacts of the Fourth Quarter 2014 Reinsurance Transaction and the Gain on reinsurance recapture in 2014. Excluding the impact from these items, Interest credited and other benefits to contract owners/policyholders increased primarily due to unfavorable changes in mortality, net of reinsurance on the universal life blocks due to an aging block partially offset by favorable changes in reserves from lower term sales.

Net Amortization of DAC/VOBA decreased \$170.5 million from \$176.2 million to \$5.7 million primarily due to favorable DAC/VOBA unlocking resulting from prospective assumption changes. The favorable DAC unlocking in 2014 was more than offset by other intangibles unlocking from prospective assumption changes as explained in Fee income and Interest credited and other benefits to contract owners/policyholders above. Excluding the impact from unlocking, net amortization of DAC/VOBA decreased primarily due to lower amortization on the universal life blocks driven by lower gross profits.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$17.5 million from \$254.8 million to \$237.3 million primarily driven by net unfavorable DAC/VOBA and other intangibles unlocking from prospective assumption changes in 2014 compared to favorable unlocking in 2013 and higher net investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur. Partially offsetting these items were the impacts of the Fourth Quarter 2014 Reinsurance Transaction and the Gain on reinsurance recapture in 2014. Excluding these impacts, Operating earnings before taxes increased driven by higher Net investment income due to portfolio restructuring, lower amortization due to lower gross profits and favorable administrative expenses primarily driven by lower sales related expenses, partially offset by unfavorable changes in mortality, net of reinsurance on the universal life blocks.

Insurance Solutions - Employee Benefits

The following table presents Operating earnings before income taxes of the Employee Benefits segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Net investment income and net realized gains (losses)	\$108.1	\$111.3	\$117.6
Fee income	68.3	69.6	63.0
Premiums	1,336.6	1,196.2	1,085.9
Other revenue	(5.8	) (4.1	) (4.0
Total operating revenues	1,507.2	1,373.0	1,262.5
Operating benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	1,050.5	940.7	903.4
Operating expenses	289.1	254.7	236.1
Net amortization of DAC/VOBA	21.5	28.7	16.9
Total operating benefits and expenses	1,361.1	1,224.1	1,156.4
Operating earnings before income taxes	\$146.1	\$148.9	\$106.1

The following table presents certain notable items that resulted in volatility in Operating earnings before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
DAC/VOBA and other intangibles unlocking ⁽¹⁾	\$(4.4	) \$(7.8	) \$(0.5
Net gain from Lehman Recovery/LIHTC	—	—	4.3

⁽¹⁾ Includes the impacts of the annual review of assumptions. See DAC/VOBA and Other Intangibles Unlocking in Part II, Item 7. of this Annual Report on Form 10-K for further description.

The DAC/VOBA and other intangibles unlocking in the table above includes the impact of the annual review of the assumptions, completed in the third quarter 2015 and 2014, of \$(2.0) million and \$(1.4) million, respectively. There was no DAC/VOBA and other intangibles unlocking related to the annual review of assumptions in 2013. The unlocking in 2015 was driven primarily by inforce assumption changes.

The following table presents the impact of the annual review of assumptions by line item for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Fee income	\$3.8	\$7.7	\$—
Net amortization of DAC/VOBA	(5.8	) (9.1) —
Total	\$(2.0	) \$(1.4) \$—

Edgar Filing: Voya Financial, Inc. - Form 10-K

The following table presents sales, gross premiums and in-force for our Employee Benefits segment for the periods indicated:

(\$ in millions)	Year Ended December 31,			
	2015	2014	2013	
Sales by Product Line:				
Group life	\$53.6	\$54.2	\$58.3	
Group stop loss	269.9	225.2	153.4	
Other group products	27.4	18.1	24.1	
Total group products	350.9	297.5	235.8	
Voluntary products	37.5	40.8	27.2	
Total sales by product line	\$388.4	\$338.3	\$263.0	
Total gross premiums and deposits	\$1,529.1	\$1,374.2	\$1,261.5	
Total annualized in-force premiums	1,603.9	1,406.4	1,294.6	
Loss Ratios:				
Group life (interest adjusted)	75.6	% 76.1	% 78.7	%
Group stop loss	71.5	% 69.6	% 75.3	%

Employee Benefits - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating revenues

Net investment income and net realized gains (losses) decreased \$3.2 million from \$111.3 million to \$108.1 million primarily driven by lower alternative investment income.

Fee income decreased \$1.3 million from \$69.6 million to \$68.3 million primarily due to lower favorable intangible unlocking in the unearned revenue reserve resulting from prospective assumption changes. The intangible unlocking was offset by lower unfavorable DAC/VOBA unlocking from prospective assumption changes as discussed below. Premiums increased \$140.4 million from \$1,196.2 million to \$1,336.6 million primarily due to higher sales of group stop loss as well as favorable persistency on group life and voluntary product lines.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$109.8 million from \$940.7 million to \$1,050.5 million primarily due to higher group stop loss sales and improved persistency in group life and voluntary products resulting in higher benefits incurred. The current period stop loss ratio was within the expected range although higher than the prior period.

Operating expenses increased \$34.4 million from \$254.7 million to \$289.1 million primarily due to higher commissions related to higher sales and higher variable expenses associated with the growth of the business.

Net amortization of DAC/VOBA decreased \$7.2 million from \$28.7 million to \$21.5 million primarily due to lower unfavorable DAC/VOBA unlocking resulting from prospective assumption changes. The unfavorable DAC/VOBA unlocking in the current period was offset by the lower favorable unlocking explained in Fee income above. In addition, a lower volume of terminated cases in the current period compared to the prior period contributed to lower amortization.

Operating earnings before income taxes

Operating earnings before income taxes decreased \$2.8 million from \$148.9 million to \$146.1 million primarily due to an increase in benefits incurred and expenses due to higher volumes and lower Net investment income, partially offset by higher stop loss premium resulting from higher sales in the current period and improved group life and voluntary persistency.

Employee Benefits - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating revenues

Net investment income and net realized gains (losses) decreased \$6.3 million from \$117.6 million to \$111.3 million primarily due to \$4.3 million of net investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur. Excluding the impact of Lehman Recovery/LIHTC, investment income decreased primarily due to lower prepayment fee income.

Fee income increased \$6.6 million from \$63.0 million to \$69.6 million primarily due to favorable intangible unlocking resulting from prospective assumption changes. This was offset by unfavorable DAC/VOBA unlocking from prospective assumption changes as discussed below.

Premiums increased \$110.3 million from \$1,085.9 million to \$1,196.2 million primarily due to the effects of higher sales of group stop loss and voluntary products. These increases were partially offset by lower group life premiums.

Operating benefits and expenses

Interest credited and other benefits to contract owners/policyholders increased \$37.3 million from \$903.4 million to \$940.7 million primarily due to higher stop loss and voluntary sales, resulting in higher benefits incurred, higher retained disability results in 2013 that did not reoccur. These increases were partially offset by improved loss ratios and changes in reserves due to changes in our risk assumption.

Operating expenses increased \$18.6 million from \$236.1 million to \$254.7 million primarily due to higher sales-related expenses from higher sales of group stop loss and voluntary products in 2014 and a reduction in estimated variable compensation accruals in 2013 that did not reoccur.

Net amortization of DAC/VOBA increased \$11.8 million from \$16.9 million to \$28.7 million primarily due to unfavorable DAC/VOBA unlocking resulting from prospective assumption changes. The unfavorable DAC unlocking in 2014 is partially offset by the unlocking explained in Fee income above. Excluding the impact from unlocking, Net amortization of DAC/VOBA increased primarily due to increased amortization from terminated cases.

Operating earnings before income taxes

Operating earnings before income taxes increased \$42.8 million from \$106.1 million to \$148.9 million primarily due to improved loss ratios and higher stop loss premiums resulting from strong sales in 2014. Partially offsetting these items were higher Operating expenses, increased Net amortization of DAC/VOBA resulting from terminated cases and lower net investment income due to the Lehman Recovery/LIHTC in 2013 that did not reoccur.

Corporate

The following table presents Operating earnings before income taxes of our Corporate segment for the periods indicated:

(\$ in millions)	Year Ended December 31,			
	2015	2014	2013	
Interest expense	\$(194.5)	) \$(188.0)	) \$(179.7))
Closed Block Variable Annuity contingent capital LOC	—	) —	) (18.4))
Amortization of intangibles	(36.6)	) (35.6)	) (35.0))
Strategic Investment Program	(79.5)) —) —)
Other	51.4	) 53.2	) 22.5)
Operating earnings before income taxes	\$(259.2)	) \$(170.4)	) \$(210.6))

Our Corporate segment operating results include investment income on assets backing surplus in excess of amounts held at the segment level, financing and interest expenses, amortization of intangibles and other items not allocated to segments.

Corporate - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating earnings before income taxes decreased \$88.8 million from \$(170.4) million to \$(259.2) million primarily related to \$79.5 million of expenses associated with our Strategic Investment Program, incremental interest expense related to contingent capital, and lower investment income including lower payments received in conjunction with a Lehman Brothers bankruptcy settlement. These items were partially offset by lower operating expenses.

Corporate - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating earnings before income taxes improved \$40.2 million from \$(210.6) million to \$(170.4) million primarily related to charges associated with our CBVA segment, including lower LOC expenses in 2014 due to the termination of the contingent capital LOC facility supporting our CBVA segment in 2013. Higher alternative investment income and lower expenses also contributed to the improvement. Offsetting these items is an increase in Interest expense driven by a change in debt structure during 2013. See Liquidity and Capital Resources - Debt Securities in Part II, Item 7. of this Annual Report on Form 10-K for a description of the change in debt structure.

Closed Block Other

The following table presents Operating earnings before income taxes of our Closed Block Other segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Operating revenues:			
Net investment income and net realized gains (losses)	\$63.3	\$96.6	\$132.5
Premiums	2.8	6.8	4.7
Other revenue	0.5	(0.7)	(0.4)
Total operating revenues	66.6	102.7	136.8
Operating benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	29.1	52.9	62.0
Operating expenses	15.1	24.7	23.8
Net amortization of DAC/VOBA	—	0.4	0.4
Total operating benefits and expenses	44.2	78.0	86.2
Operating earnings before income taxes	\$22.4	\$24.7	\$50.6

Effective April 1, 2015, we disposed of, via reinsurance, retained group reinsurance policies (the "Second Quarter 2015 Reinsurance Transaction"). Consistent with our practice to exclude business (including blocks of business) exited via reinsurance or divestment from Operating earnings before income taxes and from Operating revenues, beginning in the second quarter of 2015, the revenues and expenses of this reinsured block of business are excluded from these metrics. See Liquidity and Capital Resources-Reinsurance in Part II, Item 7. of this Annual Report on Form 10-K for further description.

Closed Block Other - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Operating earnings before income taxes decreased \$2.3 million from \$24.7 million to \$22.4 million primarily due to lower earnings resulting from declines in the block size of GICs and funding agreements, a decrease in accretion income on impaired assets, and unfavorable changes in the group reinsurance business, including the net impact of the Second Quarter 2015 Reinsurance Transaction. The average block size of GICs and funding agreements, based on AUM, declined approximately 29% from \$2.1 billion in 2014 to \$1.5 billion in 2015, causing both net investment income and Interest credited and other benefits to contract owners/policyholders to decrease. These declines are

partially offset by costs related to the accelerated recognition of deferred interest costs associated with early terminations of Federal Home Loan Bank ("FHLB") funding agreements occurring in the fourth quarter of 2014 that did not reoccur in the current period and lower operating expenses due to a lower accrual for a contingency compared to the prior period.

Closed Block Other - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Operating earnings before income taxes decreased \$25.9 million from \$50.6 million to \$24.7 million primarily due to lower earnings resulting from declines in the block size of GICs and funding agreements, a decrease in accretion income on impaired assets as well as lower favorable reserve development in the retained portion of the group reinsurance business compared to 2013 and investment income from Lehman Recovery/LIHTC in 2013 that did not reoccur in the current period. The average block size of GICs and funding agreements, based on AUM, declined approximately 42% from \$3.6 billion in 2013 to \$2.1 billion in 2014, causing both Net investment income and Interest credited and other benefits to contract owners/policyholders to decrease. These declines are partially offset by an increase in prepayment income and higher premiums in 2014 due to a true-up of estimated premiums due to us from a TPA for the group reinsurance business. In addition, costs related to the accelerated recognition of deferred interest costs associated with early terminations of FHLB funding agreements, which occurred in both periods, declined slightly.

Closed Block Variable Annuity

The following table presents Income (loss) before income taxes of our CBVA segment for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Net investment income	\$231.1	\$163.2	\$97.6
Fee income	1,118.3	1,251.7	1,287.1
Premiums	416.2	522.2	79.2
Net realized capital gains (losses)	(188.1	) (689.7	) (2,210.6
Other revenue	7.0	14.6	18.5
Total revenues	1,584.5	1,262.0	(728.2
Benefits and expenses:			
Interest credited and other benefits to contract owners/policyholders	1,275.9	994.8	(51.9
Operating expenses and interest expense	431.5	473.6	467.6
Net amortization of DAC/VOBA	50.4	32.8	67.4
Total benefits and expenses	1,757.8	1,501.2	483.1
Income (loss) before income taxes	\$(173.3	) \$(239.2	) \$(1,211.3

Edgar Filing: Voya Financial, Inc. - Form 10-K

The following table presents certain notable items that result in volatility in Income (loss) before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,			
	2015	2014	2013	
Net gains (losses) related to incurred guaranteed benefits and guarantee hedge program, excluding nonperformance risk	\$(1,089.0	) \$(1,454.2	) \$(1,428.5)
Gain (losses) related to capital hedge overlay ("CHO") program	(25.8	) (121.1	) (244.8)
Gain (loss) due to nonperformance risk	71.9	327.7	(497.5)
Net investment gains (losses)	(15.1	) (0.4	) 12.6)
DAC/VOBA and other intangibles unlocking	1.7	34.4	(4.7)

The following table presents AUM for our CBVA segment as of the dates indicated:

(\$ in millions)	Year Ended December 31,			
	2015	2014	2013	
AUM:				
General account	\$3,410.4	\$2,556.3	\$1,429.1	
Separate account	35,141.4	40,657.9	44,269.9	
Total AUM	\$38,551.8	\$43,214.2	\$45,699.0	

The following table presents a rollforward of AUM for our CBVA segment for the periods indicated:

(\$ in millions)	Year Ended December 31,			
	2015	2014	2013	
Balance as of beginning of period	\$41,132.0	\$44,788.2	\$42,590.6	
Deposits	123.8	170.4	270.6	
Surrenders, benefits and product charges	(4,659.0	) (5,593.7	) (4,502.7)
Net flows	(4,535.2	) (5,423.3	) (4,232.1)
Interest credited and investment performance	(1,021.0	) 1,767.1	6,429.7	
Balance as of end of period	35,575.8	41,132.0	44,788.2	
End of period contracts in payout status	2,976.0	2,082.2	910.8	
Total balance as of end of period ⁽¹⁾	\$38,551.8	\$43,214.2	\$45,699.0	

⁽¹⁾ Includes products in accumulation and payout phase, policy loans and life insurance business.

Closed Block Variable Annuity - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Loss before income taxes decreased \$65.9 million from \$239.2 million to \$173.3 million. Annual assumption changes and revisions to projection model inputs implemented during the current period resulted in a loss of \$86.0 million, compared to a gain of \$102.3 million in the prior period (which excluded a gain of \$37.9 million due to changes in the technique used to estimate nonperformance risk). The \$86.0 million loss included an unfavorable \$43.0 million resulting from policyholder behavior assumption changes primarily related to an update to lapse assumptions, partially offset by a favorable \$27.4 million resulting from changes to mortality assumptions. The loss also included an unfavorable \$70.4 million as a result of updates made to other assumptions, principally relating to expected earned rates on certain investment options available to variable annuity contract holders, discount rates applicable to future cash flows from variable annuity contracts and long-term volatility. The prior period gain of \$102.3 million included a favorable \$170.2 million resulting from policyholder behavior assumption changes, partially offset by an unfavorable \$40.5 million resulting from changes to mortality assumptions. The gain from policyholder behavior assumption changes was primarily due to an update to the utilization assumption on GMWBL contracts, partially offset by an unfavorable result from an update to lapse assumptions.

The current period results included a \$255.8 million decrease in earnings due to changes in the fair value of guaranteed benefit derivatives related to nonperformance risk, from gains of \$327.7 million in the prior period, which included the effects of changes

in the technique used to estimate nonperformance risk, to gains of \$71.9 million in the current period. DAC/VOBA and other intangibles unlocking declined by \$32.7 million, from a gain of \$34.4 million in the prior period to a gain of \$1.7 million in the current year period, mainly due to unfavorable impacts of assumption changes mentioned above.

Net losses related to the incurred guaranteed benefits and our guarantee hedge program decreased to a loss of \$1,089.0 million in the current period compared to a loss of \$1,454.2 million in the prior period. The \$365.2 million favorable variance was primarily due to the impacts of interest rate movements and unfavorable equity market performance in the current period, partially offset by unfavorable impacts of assumption changes, mentioned above, as well as high volatility. Lower equity market returns and high volatility also led to a favorable variance on our CHO program of \$95.3 million, from a loss of \$121.1 million to a loss of \$25.8 million. The focus in managing our CBVA segment is on protecting regulatory and rating agency capital, and our hedging program is primarily designed to mitigate the impacts of market scenarios on capital resources, rather than mitigating earnings volatility.

In addition, lower fee income was partially offset by lower operating expenses as a result of continued run off of the block. Lower premiums associated with the annuitization of life contingent contracts and higher net investment income, primarily due to higher general account AUM, were offset by corresponding reserve changes in Interest credited and other benefits to contract owners/policyholders.

Closed Blocks Variable Annuity - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Loss before income taxes decreased \$972.1 million from \$1,211.3 million to \$239.2 million. Annual assumption changes and revisions to projection model inputs implemented during 2014 resulted in a gain of \$102.3 million (excluding a gain of \$37.9 million due to changes in the technique used to estimate nonperformance risk). This \$102.3 million gain included a favorable \$170.2 million resulting from policyholder behavior assumption changes partially offset by an unfavorable \$40.5 million resulting from change to mortality assumptions. The gain from policyholder behavior assumption changes was primarily due to an update to the utilization assumption on GMWBL contracts, partially offset by an unfavorable result from an update to lapse assumptions. The 2013 result included a loss of \$185.3 million (excluding a gain of \$144.6 million due to changes in the technique used to estimate nonperformance risk) due to annual assumption changes. This \$185.3 million loss included an unfavorable \$117.9 million resulting from changes to mortality assumptions and an unfavorable \$85.5 million resulting from policyholder behavior assumption changes.

Including the impacts of assumption changes described above, the loss before income taxes decreased \$972.1 million as a result of several factors. The change in the fair value of guaranteed benefit derivatives related to nonperformance risk resulted in a favorable variance of \$825.2 million, from a loss of \$497.5 million in 2013 to a gain of \$327.7 million in 2014, including the effects of changes in the technique used to estimate nonperformance risk. Net losses related to the incurred guaranteed benefits and our guarantee hedge program and CHO program decreased to a loss of \$1,575.3 million in 2014 compared to a loss of \$1,673.3 million in 2013. The \$98.0 million favorable variance was primarily due to lower equity market returns, as our guarantee hedges backing reserves are more sensitive to changes in equity markets than those reserves, as well as favorable impacts of assumption changes, mentioned above, partially offset by an unfavorable variance due to declining interest rates in 2014. The focus in managing our CBVA segment continues to be on protecting regulatory and rating agency capital, and our hedging program is primarily designed to mitigate the impacts of market scenarios on capital resources, rather than mitigating earnings volatility. DAC/VOBA and other intangibles unlocking improved by \$39.1 million, from a loss of \$4.7 million in 2013 to a gain of \$34.4 million in 2014, mainly due to favorable impacts of assumption changes mentioned above.

In addition, Net investment income increased primarily due to a higher earned rate, partially offset by lower Fee income as a result of lower average separate account AUM, and lower gains on the sale of securities. Higher premiums associated with the annuitization of life contingent contracts are offset by a reserve increase in the corresponding Interest credited and other benefits to contract owners/policyholders. The increase in annuitization of

life contingent contracts is partially due to the guaranteed minimum income benefit ("GMIB") enhanced annuitization offer completed during 2014, where contract owners elected to annuitize both GMIB life contingent contracts and non-life contingent contracts.

Alternative Investment Income

Investment income on certain alternative investments can be volatile due to changes in market conditions. The following table presents the amount of investment income (loss) on certain alternative investments that is included on segment Operating earnings before income taxes and the average level of assets in each segment, prior to intercompany eliminations. These alternative investments are carried at fair value, which is estimated based on the net asset value ("NAV") of these funds. The investment income on alternative investments shown below for the periods stated excludes the net investment income from Lehman Recovery/LIHTC and net loss on the sale of certain alternative investments during the prior periods.

While investment income on these assets can be volatile, based on current plans, we expect to earn 8.0% to 9.0% on these assets over the long-term.

The following table presents the investment income for the years ended December 31, 2015, 2014 and 2013, respectively, and the average assets of alternative investments as of the dates indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Retirement:			
Alternative investment income	\$9.2	\$28.8	\$36.4
Average alternative investments	406.7	310.6	262.0
Annuities:			
Alternative investment income	5.0	25.0	25.6
Average alternative investments	257.1	199.6	177.6
Investment Management:			
Alternative investment income	1.1	19.7	23.8
Average alternative investments	186.9	145.3	124.0
Individual Life:			
Alternative investment income	5.3	19.8	20.2
Average alternative investments	171.9	143.0	131.0
Employee Benefits:			
Alternative investment income	0.8	3.2	3.9
Average alternative investments	41.1	29.5	24.7
Total Ongoing Business:			
Alternative investment income	21.4	96.5	109.9
Average alternative investments	1,063.7	828.0	719.3
Corporate:⁽¹⁾			
Alternative investment income	2.8	16.6	9.0
Average alternative investments	27.5	106.7	97.8
Closed Block Other:⁽²⁾			
Alternative investment income	0.8	4.2	9.7
Average alternative investments	26.4	33.2	58.1
Total Voya Financial, Inc.:			
Alternative investment income	\$25.0	\$117.3	\$128.6
Average alternative investments	\$1,117.6	\$967.9	\$875.2

⁽¹⁾ Effective in the second quarter of 2015, approximately \$110 million of alternative assets previously allocated to excess capital in the Corporate segment was allocated to all segments in proportion to each segment's target statutory capital.

⁽²⁾ Our CBVA segment is managed to focus on protecting regulatory and rating agency capital rather than achieving operating metrics and, therefore, its results of operations are not reflected within investment income.

DAC/VOBA and Other Intangibles Unlocking

Changes in Operating earnings before income taxes and net income (loss) are influenced by increases and decreases in amortization of DAC, VOBA, deferred sales inducements ("DSI"), and unearned revenue ("URR"), collectively, "DAC/VOBA and other intangibles." For Individual Life, changes in Operating earnings before income taxes and net income (loss) are also influenced by increases and decreases in amortization of net cost of reinsurance, as well as by changes in reserves associated with UL and VUL secondary guarantees and paid-up guarantees. Unlocking, described below, related to DAC, VOBA, DSI and URR, as well as amortization of net cost of reinsurance and reserve adjustments associated with UL and VUL secondary guarantees and paid-up guarantees are referred to as "DAC/VOBA and other intangibles unlocking." See the "Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles," "Reinsurance," and "Future Policy Benefits and Contract Owner Account Balances" sections in the Business, Basis of Presentation and Significant Accounting Policies Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for more information.

We amortize DAC/VOBA and other intangibles related to universal life-type contracts and fixed and variable deferred annuity contracts in the Ongoing Business over the estimated lives of the contracts in relation to the emergence of estimated gross profits. Net cost of reinsurance is amortized in a similar manner. Assumptions as to mortality, persistency, interest crediting rates, returns associated with separate account performance, impact of hedge performance, expenses to administer the business and certain economic variables, such as inflation, are based on our experience and our overall short-term and long-term future expectations for returns available in the capital markets. At each valuation date, estimated gross profits are updated with actual gross profits and the assumptions underlying future estimated gross profits are evaluated for continued reasonableness. Adjustments to estimated gross profits require that amortization rates be revised retroactively to the date of the contract issuance, which is referred to as unlocking. As a result of this process, the cumulative balances of DAC/VOBA and other intangibles and net cost of reinsurance are adjusted with an offsetting benefit or charge to income to reflect changes in the period of the revision. An unlocking event that results in a benefit ("favorable unlocking") generally occurs as a result of actual experience or future expectations being favorable compared to previous estimates. Changes in DAC/VOBA and other intangibles and net cost of reinsurance due to contract changes or contract terminations higher than estimated are also included in "unlocking." An unlocking event that results in a charge ("unfavorable unlocking") generally occurs as a result of actual experience or future expectations being unfavorable compared to previous estimates. As a result of unlocking, the amortization schedules for future periods are also adjusted.

Reserves for UL and VUL secondary guarantees and paid-up guarantees are calculated by estimating the expected value of death benefits payable and recognizing those benefits ratably over the accumulation period based on total expected assessments. The reserve for such products recognizes the portion of contract assessments received in early years used to compensate us for benefits provided in later years. Assumptions used, such as the interest rate, lapse rate and mortality, are consistent with assumptions used in estimating gross profits for purposes of amortizing DAC. At each valuation date, we evaluate these assumptions and, if actual experience or other evidence suggests that earlier assumptions should be revised, we adjust the reserve balance, with a related charge or credit to Policyholder benefits. These reserve adjustments are included in unlocking associated with our Ongoing Business.

During the third quarter of 2015, we completed our annual review of the assumptions, including projection model inputs, in each of our segments (except for Investment Management and Corporate segments, for which assumption reviews are not relevant). As a result of this review, we made a number of changes to our assumptions resulting in a net unfavorable impact of \$82.0 million to Operating earnings before income taxes in the current period, compared to an unfavorable impact of \$19.3 million in the third quarter of 2014 and a favorable impact of \$84.8 million in the third quarter of 2013. These are included in the DAC/VOBA and other intangibles unlocking.

Edgar Filing: Voya Financial, Inc. - Form 10-K

The following table presents the amount of DAC/VOBA and other intangibles unlocking that is included in segment Operating earnings before income taxes for the periods indicated:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Retirement	\$(37.2	) \$(30.0	) \$45.6
Annuities	12.5	26.4	83.3
Individual Life	(38.4	) (10.2	) 4.8
Employee Benefits	(4.4	) (7.8	) (0.5
Total DAC/VOBA and other intangibles unlocking ⁽¹⁾⁽²⁾	\$(67.5	) \$(21.6	) \$133.2

⁽¹⁾ Unlocking related to the Net gain from Lehman Recovery/LIHTC is excluded from DAC/VOBA and other intangibles unlocking for the year ended December 31, 2013 (and included in Net gain from Lehman Recovery/LIHTC).

(2) Includes the impacts of the annual review of assumptions.

In addition, we have DAC/VOBA and other intangibles unlocking that corresponds to items excluded from Operating earnings before income taxes, such as the results of our CBVA segment, investment gains (losses) and net guaranteed benefits hedging gains (losses) in our Ongoing Business.

The following table presents the amount of DAC/VOBA and other intangibles unlocking that is included in Income before income taxes but excluded from Operating earnings before income taxes for the periods presented:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
CBVA	\$1.7	\$34.4	\$(4.7)
Ongoing Business	(74.8	) 81.6	73.3
Total DAC/VOBA and other intangibles unlocking ⁽¹⁾	\$(73.1	) \$116.0	\$68.6

(1) Includes the impacts of the annual review of assumptions.

Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash flows to meet the cash requirements of operating, investing and financing activities. Capital refers to our long-term financial resources available to support the business operations and contribute to future growth. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of the businesses, timing of cash flows on investments and products, general economic conditions and access to the capital markets and the alternate sources of liquidity and capital described herein.

Consolidated Sources and Uses of Liquidity and Capital

Our principal available sources of liquidity are product charges, investment income, proceeds from the maturity and sale of investments, proceeds from debt issuance and borrowing facilities, repurchase agreements, contract deposits and securities lending. Primary uses of these funds are payments of policyholder benefits commissions and operating expenses, interest credits, share repurchases, investment purchases and contract maturities, withdrawals and surrenders.

Parent Company Sources and Uses of Liquidity

In evaluating liquidity, it is important to distinguish the cash flow needs of Voya Financial, Inc. from the cash flow needs of the Company as a whole. Voya Financial, Inc. is largely dependent on cash flows from its operating subsidiaries to meet its obligations. The principal sources of funds available to Voya Financial, Inc. include dividends and returns of capital from its operating subsidiaries, as well as cash and short-term investments. These sources of funds are currently supplemented by Voya Financial, Inc.'s access to the \$750.0 million revolving credit sublimit of its Amended and Restated Revolving Credit Agreement and reciprocal borrowing facilities maintained with its subsidiaries as well as other alternate sources of liquidity described below either directly or indirectly through its insurance subsidiaries.

Edgar Filing: Voya Financial, Inc. - Form 10-K

Voya Financial, Inc.'s primary sources and uses of cash for the periods indicated are presented in the following table:

(\$ in millions)	Year Ended December 31,		
	2015	2014	2013
Beginning cash balance	\$682.1	\$640.2	\$357.5
Sources:			
Dividends and returns of capital from subsidiaries	1,708.5	902.0	1,434.0
Repayment of loans to subsidiaries, net of new issuances	—	42.4	—
Proceeds from 2018 Notes offering	—	—	998.2
Proceeds from Junior Subordinated Notes offering	—	—	750.0
Proceeds from 2043 Notes offering	—	—	398.6
Proceeds from Initial Public Offering	—	—	571.6
Amounts received from subsidiaries under tax sharing agreements, net	109.2	248.4	348.2
Other, net	—	16.2	4.8
Total sources	1,817.7	1,209.0	4,505.4
Uses:			
Payment of interest expense	143.5	141.1	90.6
Capital provided to subsidiaries	—	150.0	2,062.0
Repayments of loans from subsidiaries, net of new issuances	—	—	319.1
Repayment of commercial paper, net of issuances	—	—	192.0
Repayment of credit facility borrowings	—	—	1,350.0
New issuances of loans to subsidiaries, net of repayments	161.2	—	134.3
Payment of income taxes, net	77.1	42.8	43.0
Debt issuance costs	6.8	16.8	26.5
Common stock acquired - Share repurchase	1,486.6	789.4	—
Share-based compensation	4.5	16.9	—
Dividends paid	9.0	10.1	5.2
Acquisition of short term investments	212.0	—	—
Other, net	21.0	—	—
Total uses	2,121.7	1,167.1	4,222.7
Net (decrease) increase in cash and cash equivalents	(304.0	) 41.9	282.7
Ending cash balance	\$378.1	\$682.1	\$640.2

Share Repurchase Program and Dividends to Shareholders

On March 13, 2014, our Board of Directors authorized a share repurchase program, pursuant to which we may, from time to time, purchase shares of our common shares through various means, including, without limitation, open market transactions, privately negotiated transactions, forward, derivative, or accelerated repurchase transactions or tender offers. The initial authorization permitted the repurchase of a number of shares of our common shares having an aggregate repurchase price not exceeding \$300.0 million.

During the years ended December 31, 2015 and 2014, our Board of Directors increased our authority to repurchase our shares, with such authorization to expire (unless subsequently extended) no later than June 30, 2016.

During the year ended December 31, 2014, we repurchased 19,447,847 shares of our common shares from ING Group for an aggregate purchase price of \$725.0 million, 1,125,558 shares of our common shares in open market repurchases for an aggregate purchase price of \$39.4 million and 655,457 shares of our common shares under an accelerated share repurchase arrangement for an aggregate purchase price of \$25.0 million.

During the year ended December 31, 2015, we repurchased 13,599,274 shares of our common shares from ING Group for an aggregate purchase price of \$600.0 million, 14,960,463 shares of our common shares in open market repurchases for an aggregate purchase price of \$640.3 million and 5,788,306 shares of our common shares under discounted share repurchase arrangements with third-party financial institutions for an aggregate purchase price of \$250.0 million. These repurchases reduced the remaining amount of our share repurchase authorization to \$20.3 million as of December 31, 2015.

On February 4, 2016, our Board of Directors increased the amount of the Company's common stock authorized for repurchase under the Company's share repurchase program by an additional \$700.0 million. The additional \$700.0 million share repurchase authorization expires on December 31, 2016 (unless extended), and does not obligate the Company to purchase any shares. The authorization for the share repurchase program may be terminated, increased or decreased by our Board of Directors at any time.

The following table summarizes our return of capital to common shareholders:

(\$ in millions)	Year Ended December 31,	
	2015	2014
Dividends to shareholders	\$9.0	\$10.1
Repurchase of common shares	1,490.3	790.1
Total cash returned to shareholders	\$1,499.3	\$800.2

See the Related Party Transactions Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for additional information regarding shares repurchase transactions with ING Group.

Liquidity

We manage liquidity through access to substantial investment portfolios as well as a variety of other sources of liquidity including committed credit facilities, securities lending and repurchase agreements. Our asset-liability management ("ALM") process takes into account the expected maturity of investments and expected benefit payments as well as the specific nature and risk profile of the liabilities, including variable products with guarantees. As part of our liquidity management process, we model different scenarios to determine whether existing assets are adequate to meet projected cash flows. Key variables in the modeling process include interest rates, equity market movements, quantity and type of interest and equity market hedges, anticipated contract owner behavior, market value of general account assets, variable separate account performance and implications of rating agency actions.

Description of Certain Indebtedness

We borrow funds to provide liquidity, invest in the growth of the business and for general corporate purposes. Our ability to access these borrowings depends on a variety of factors including, but not limited to, the credit rating of Voya Financial, Inc. and of its insurance company subsidiaries and general macroeconomic conditions.

We did not have any short-term debt borrowings outstanding as of December 31, 2015. The following table summarizes our borrowing activities for the year ended December 31, 2015:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Long-Term Debt:					
Debt securities	\$3,510.8	\$—	\$(31.2)	) \$1.4	\$3,481.0
Windsor property loan	4.9	—	—	—	4.9
Subtotal	3,515.7	—	(31.2)	) 1.4	3,485.9
Less: Current portion of long-term debt	—	—	—	—	—
Total long-term debt	\$3,515.7	\$—	\$(31.2)	) \$1.4	\$3,485.9

We did not have any short-term debt borrowings outstanding as of December 31, 2014. The following table summarizes our borrowing activities for the year ended December 31, 2014:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Long-Term Debt:					
Debt securities	\$3,509.8	\$—	\$—	\$1.0	\$3,510.8
Windsor property loan	4.9	—	—	—	4.9
Subtotal	3,514.7	—	—	1.0	3,515.7
Less: Current portion of long-term debt	—	—	—	—	—
Total long-term debt	\$3,514.7	\$—	\$—	\$1.0	\$3,515.7

As of December 31, 2015, we were in compliance with our debt covenants.

Debt Securities

Senior Notes

On July 13, 2012, Voya Financial, Inc. issued \$850.0 million of unsecured 5.5% Senior Notes due 2022 (the "2022 Notes") in a private placement with registration rights. The 2022 Notes are guaranteed by Voya Holdings Inc. ("Voya Holdings"), a wholly owned subsidiary of Voya Financial, Inc. Interest is paid semi-annually, in arrears, on each January 15 and July 15, commencing on January 15, 2013. We used the proceeds of the 2022 Notes to repay \$500.0 million of the direct borrowings under a \$3.5 billion Revolving Credit Agreement ("Revolving Credit Agreement"). The remaining proceeds of the 2022 Notes were used for general corporate purposes, including the retirement of a portion of our outstanding commercial paper.

On February 11, 2013, Voya Financial, Inc. issued \$1.0 billion of unsecured 2.9% Senior Notes due 2018 (the "2018 Notes") in a private placement with registration rights. The 2018 Notes are guaranteed by Voya Holdings. Interest is paid semi-annually, in arrears, on each February 15 and August 15, commencing on August 15, 2013. We used the proceeds of the 2018 Notes to repay \$850.0 million of the borrowings under the Term Loan portion of our Senior Unsecured Credit Facility. We used the remaining proceeds of the 2018 Notes for general corporate purposes.

On July 26, 2013, Voya Financial, Inc. issued \$400.0 million of unsecured 5.7% Senior Notes due 2043 (the "2043 Notes") in a private placement with registration rights. The 2043 Notes are guaranteed by Voya Holdings. Interest is paid semi-annually on each January 15 and July 15, commencing on January 15, 2014. We used the proceeds of the 2043 Notes for general corporate purposes, including the repayment of certain borrowings.

Junior Subordinated Notes

On May 16, 2013, Voya Financial, Inc. issued \$750.0 million of 5.65% Fixed-to-Floating Rate Junior Subordinated Notes due 2053 (the "2053 Notes") in a private placement with registration rights. The 2053 Notes are guaranteed on an unsecured, junior subordinated basis by Voya Holdings. Interest is paid semi-annually, in arrears, on each May 15 and November 15, commencing November 15, 2013 and ending on May 15, 2023. The 2053 Notes bear interest at a fixed rate of 5.65% prior to May 15, 2023. From May 15, 2023, the 2053 Notes bear interest at an annual rate equal to three-month London Interbank Offered Rates ("LIBOR") plus 3.58% payable quarterly, in arrears, on February 15, May 15, August 15 and November 15. So long as no event of default with respect to the 2053 Notes has occurred and is continuing, we have the right on one or more occasions, to defer the payment of interest on the 2053 Notes for one or more consecutive interest periods for up to five years. During the deferral period, interest will continue to accrue at the then-applicable rate and deferred interest will bear additional interest at the then-applicable rate.

At any time following notice of our plan to defer interest and during the period interest is deferred, we and our subsidiaries generally, with certain exceptions, may not make payments on or redeem or purchase any shares of our common stock or any of the debt securities or guarantees that rank in liquidation on a parity with or are junior to the 2053 Notes.

We may elect to redeem the 2053 Notes (i) in whole at any time or in part on or after May 15, 2023 at a redemption price equal to the principal amount plus accrued and unpaid interest. If the notes are not redeemed in whole, \$25.0 million of aggregate principal (excluding the principal amount of the 2053 Notes held by us or our affiliates) must remain outstanding after giving effect to the redemption; or (ii) in whole, but not in part, at any time prior to May 15, 2023 within 90 days after the occurrence of a "tax event"

or "rating agency event", as defined in the 2053 Notes offering memorandum, at a redemption price equal to the principal amount, or, if greater, a "make-whole redemption price," as defined in the 2053 Notes offering memorandum, plus, in each case accrued and unpaid interest.

On May 21, 2013, we used the proceeds of the 2053 Notes for the repayment of the remaining outstanding borrowings of \$392.5 million under the Term Loan portion of the Company's Senior Unsecured Credit Facility. The remaining proceeds were used to partially repay borrowings with NN Group.

Registration Rights Agreement

Under the Registration Rights Agreements associated with the 2022 Notes, the 2018 Notes, the 2053 Notes and the 2043 Notes, Voya Financial, Inc. and Voya Holdings agreed to use reasonable best efforts to cause a registration statement to be filed with the SEC that, upon effectiveness, would permit holders of these notes to exchange them for new notes containing identical terms except for the restrictions on transfer contained in the original notes. The offer to exchange the 2022 Notes, the 2018 Notes and the 2053 Notes was completed on August 14, 2013. The offer to exchange the 2043 Notes was completed on December 23, 2013.

Put Option Agreement for Senior Debt Issuance

On March 17, 2015, we entered into an off-balance sheet ten-year put option agreement with a Delaware trust that we formed, in connection with the completion of the sale by the trust of \$500.0 million aggregate amount of pre-capitalized trust securities redeemable February 15, 2025 ("P-Caps") in a Rule 144A private placement. The trust invested the proceeds from the sale of the P-Caps in a portfolio of principal and interest strips of U.S. Treasury securities. The put option agreement provides Voya Financial, Inc. the right to sell to the trust at any time up to \$500.0 million of its 3.976% Senior Notes due 2025 ("3.976% Senior Notes") and receive in exchange a corresponding amount of the principal and interest strips of U.S. Treasury securities held by the trust. The 3.976% Senior Notes will not be issued unless and until the put option is exercised. In return, we agreed to pay a semi-annual put premium to the trust at a rate of 1.875% per annum applied to the unexercised portion of the put option, and to reimburse the trust for its expenses. The put premium is recorded in Operating expenses in the Consolidated Statements of Operations. The 3.976% Senior Notes will be fully, irrevocably and unconditionally guaranteed by Voya Holdings. Our obligations under the put option agreement and the expense reimbursement agreement with the trust are also guaranteed by Voya Holdings.

The put option agreement with the trust provides Voya Financial, Inc. with a source of liquid assets, which could be used to meet future financial obligations or to provide additional capital.

The put option described above will be exercised automatically in full if we fail to make certain payments to the trust, including any failure to pay the put option premium or expense reimbursements when due, if such failure is not cured within 30 days, and upon certain bankruptcy event involving us or Voya Holdings. We are also required to exercise the put option in full: (i) if we reasonably believe that our consolidated shareholders' equity, calculated in accordance with U.S. GAAP but excluding Accumulated other comprehensive income (loss) and Noncontrolling interest, has fallen below \$3.0 billion, subject to adjustment in certain cases;