Voya Financial, Inc.
Form 10-Q
November 05, 2014

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended September 30, 2014

OR

o	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	52-1222820
(State or other jurisdiction of incorporation or organization)	(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)	

(Former name, former address and former fiscal year, if changed since last report)

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 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 to submit and post such files). Yes x No o

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 o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

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

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 4, 2014, 246,298,579 shares of Common Stock, $0.01 par value, were outstanding.

Voya Financial, Inc.
Form 10-Q for the period ended September 30, 2014

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As used in this Quarterly Report on Form 10-Q, "Voya Financial," the "Company," "we," "our" and "us" refer to Voya Financial, Inc.

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” 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 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 and (x) changes in the policies of governments and/or regulatory authorities. Factors that may cause actual results to differ from those in any forward-looking statement also include those described under "Risk Factors," "Management’s Discussion and Analysis of Financial Condition and Results of Operations-Trends and Uncertainties" and "Business-Closed Blocks-CBVA" in the Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-35897) (the "Annual Report on Form 10-K"), "Risk Factors" in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 001-35897) and this Quarterly Report on Form 10-Q.
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.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
Voya Financial, Inc.
Condensed Consolidated Balance Sheets
September 30, 2014 (Unaudited) and December 31, 2013
(In millions, except share and per share data)

	September 30, 2014	December 31, 2013
Assets:		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of $64,865.1 as of 2014 and $65,033.8 as of 2013)	$70,155.7	$68,317.8
Fixed maturities, at fair value using the fair value option	3,557.8	2,935.3
Equity securities, available-for-sale, at fair value (cost of $239.2 as of 2014 and $267.4 as of 2013)	270.5	314.4
Short-term investments	1,173.1	1,048.1
Mortgage loans on real estate, net of valuation allowance of $3.4 as of 2014 and $3.8 as of 2013	9,949.7	9,312.2
Policy loans	2,104.2	2,147.0
Limited partnerships/corporations	348.2	236.4
Derivatives	1,136.8	1,149.3
Other investments	106.8	124.6
Securities pledged (amortized cost of $951.7 as of 2014 and $1,457.9 as of 2013)	1,021.6	1,465.7
Total investments	89,824.4	87,050.8
Cash and cash equivalents	1,908.5	2,840.8
Short-term investments under securities loan agreements, including collateral delivered	593.8	552.9
Accrued investment income	926.9	897.1
Reinsurance recoverable	6,752.5	6,702.2
Deferred policy acquisition costs and Value of business acquired	4,779.9	5,351.6
Sales inducements to contract holders	259.9	279.0
Current income taxes	8.4	—
Deferred income taxes	—	162.1
Goodwill and other intangible assets	296.1	323.7
Other assets	1,051.4	1,036.5
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value	3,842.8	3,218.6
Cash and cash equivalents	560.9	710.7
Corporate loans, at fair value using the fair value option	6,262.9	4,965.3
Other assets	176.1	104.8
Assets held in separate accounts	107,059.3	106,827.1
Total assets	$224,303.8	$221,023.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Voya Financial, Inc.
Condensed Consolidated Balance Sheets
September 30, 2014 (Unaudited) and December 31, 2013
(In millions, except share and per share data)

	September 30, 2014	December 31, 2013
Liabilities and Shareholders' Equity:		
Future policy benefits	$15,048.1	$14,098.4
Contract owner account balances	69,091.0	69,908.3
Payables under securities loan agreements, including collateral held	927.1	769.4
Long-term debt	3,515.5	3,514.7
Funds held under reinsurance agreements	1,136.7	1,181.5
Derivatives	656.8	1,351.8
Pension and other post-employment provisions	454.2	474.9
Current income taxes	—	44.1
Deferred income taxes	447.4	—
Other liabilities	1,315.8	1,274.1
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	6,344.4	5,161.6
Other liabilities	1,163.3	903.3
Liabilities related to separate accounts	107,059.3	106,827.1
Total liabilities	207,159.6	205,509.2
Shareholders' equity:		
Common stock ($0.01 par value per share; 900,000,000 shares authorized, 263,531,836 and 261,754,931 shares issued as of 2014 and 2013, respectively; 246,430,073 and 261,675,811 shares outstanding as of 2014 and 2013, respectively)	2.6	2.6
Treasury stock (at cost; 17,101,763 and 79,120 shares as of 2014 and 2013, respectively)	(624.2)	—
Additional paid-in capital	23,621.5	23,563.7
Accumulated other comprehensive income (loss)	2,820.2	1,849.1
Retained earnings (deficit):		
Appropriated-consolidated investment entities	21.4	18.4
Unappropriated	(11,256.4)	(12,161.6)
Total Voya Financial, Inc. shareholders' equity	14,585.1	13,272.2
Noncontrolling interest	2,559.1	2,241.8
Total shareholders' equity	17,144.2	15,514.0
Total liabilities and shareholders' equity	$224,303.8	$221,023.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Operations
For the Three and Nine Months Ended September 30, 2014 and 2013 (Unaudited)
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues:				
Net investment income	$1,163.6	$1,221.6	$3,430.1	$3,532.5
Fee income	908.9	920.8	2,738.0	2,722.4
Premiums	595.1	494.2	1,825.4	1,440.9
Net realized capital gains (losses):				
Total other-than-temporary impairments	(19.5)	(5.6)	(25.4)	(26.9)
Less: Portion of other-than-temporary impairments recognized in Other comprehensive income (loss)	(0.1)	(1.2)	(0.2)	(4.3)
Net other-than-temporary impairments recognized in earnings	(19.4)	(4.4)	(25.2)	(22.6)
Other net realized capital gains (losses)	200.4	(512.7)	(350.9)	(1,935.2)
Total net realized capital gains (losses)	181.0	(517.1)	(376.1)	(1,957.8)
Other revenue	101.0	119.6	316.8	321.3
Income (loss) related to consolidated investment entities:				
Net investment income	248.0	135.3	630.0	346.3
Changes in fair value related to collateralized loan obligations	(6.5)	60.9	(4.1)	(11.1)
Total revenues	3,191.1	2,435.3	8,560.1	6,394.5
Benefits and expenses:				
Policyholder benefits	1,234.7	570.7	2,910.9	1,822.2
Interest credited to contract owner account balances	498.2	517.0	1,485.3	1,556.8
Operating expenses	767.3	762.8	2,315.1	2,292.1
Net amortization of Deferred policy acquisition costs and Value of business acquired	30.6	64.6	272.4	319.6
Interest expense	47.2	48.4	142.3	136.6
Operating expenses related to consolidated investment entities:				
Interest expense	56.6	50.4	152.3	130.6
Other expense	1.7	1.4	5.7	6.1
Total benefits and expenses	2,636.3	2,015.3	7,284.0	6,264.0
Income (loss) before income taxes	554.8	420.0	1,276.1	130.5
Income tax expense (benefit)	37.4	(27.7)	74.2	(6.4)
Net income (loss)	517.4	447.7	1,201.9	136.9
Less: Net income (loss) attributable to noncontrolling interest	116.6	101.1	296.7	84.5
Net income (loss) available to Voya Financial, Inc.'s common shareholders	$400.8	$346.6	$905.2	$52.4
Net income (loss) available to Voya Financial, Inc.'s common shareholders per common share:				
Basic	$1.59	$1.33	$3.54	$0.21
Diluted	$1.58	$1.32	$3.51	$0.21
Cash dividends declared per share of common stock	$0.01	$0.01	$0.03	$0.01

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Comprehensive Income
For the Three and Nine Months Ended September 30, 2014 and 2013 (Unaudited)
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	$517.4	$447.7	$1,201.9	$136.9
Other comprehensive income (loss), before tax:				
Unrealized gains (losses) on securities	(510.8)	(223.2)	1,478.4	(2,733.4)
Other-than-temporary impairments	5.9	13.5	30.2	44.8
Pension and other postretirement benefits liability	(3.4)	(3.4)	(10.3)	(10.3)
Other comprehensive income (loss), before tax	(508.3)	(213.1)	1,498.3	(2,698.9)
Income tax expense (benefit) related to items of other comprehensive income (loss)	(175.8)	(75.3)	527.2	(938.2)
Other comprehensive income (loss), after tax	(332.5)	(137.8)	971.1	(1,760.7)
Comprehensive income (loss)	184.9	309.9	2,173.0	(1,623.8)
Less: Comprehensive income (loss) attributable to noncontrolling interest	116.6	101.1	296.7	84.5
Comprehensive income (loss) attributable to Voya Financial, Inc.'s common shareholders	$68.3	$208.8	$1,876.3	$(1,708.3)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended September 30, 2014 (Unaudited)
(In millions)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Appropriated	Retained Earnings (Deficit) Unappropriated	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance at January 1, 2014	$ 2.6	$—	$ 23,563.7	$ 1,849.1	$ 18.4	$ (12,161.6)	$ 13,272.2	$ 2,241.8	$ 15,514.0
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	905.2	905.2	296.7	1,201.9
Other comprehensive income (loss), after tax	—	—	—	971.1	—	—	971.1	—	971.1
Total comprehensive income (loss)							1,876.3	296.7	2,173.0
Reclassification of noncontrolling interest	—	—	—	—	3.0	—	3.0	(3.0)	—
Common stock issuance	—	—	—	—	—	—	—	—	—
Common stock acquired - Share repurchase	—	(609.4)	—	—	—	—	(609.4)	—	(609.4)
Dividends on common stock	—	—	(7.7)	—	—	—	(7.7)	—	(7.7)
Share-based compensation	—	(14.8)	65.5	—	—	—	50.7	—	50.7
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	23.6	23.6
Balance at September 30, 2014	$ 2.6	$ (624.2)	$ 23,621.5	$ 2,820.2	$ 21.4	$ (11,256.4)	$ 14,585.1	$ 2,559.1	$ 17,144.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended September 30, 2013 (Unaudited)
(In millions)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Appropriated	Retained Earnings (Deficit) Unappropriated	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance at January 1, 2013	$ 2.3	$ —	$ 22,917.6	$ 3,710.7	$ 6.4	$ (12,762.1)	$ 13,874.9	$ 2,186.3	$ 16,061.2
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	52.4	52.4	84.5	136.9
Other comprehensive income (loss), after tax	—	—	—	(1,760.7)	—	—	(1,760.7)	—	(1,760.7)
Total comprehensive income (loss)							(1,708.3)	84.5	(1,623.8)
Reclassification of noncontrolling interest	—	—	—	—	(4.0)	—	(4.0)	4.0	—
Common stock issuance	0.3	—	571.3	—	—	—	571.6	—	571.6
Common stock acquired - Share repurchase	—	—	—	—	—	—	—	—	—
Dividends on common stock	—	—	(2.6)	—	—	—	(2.6)	—	(2.6)
Share-based compensation	—	—	38.4	—	—	—	38.4	—	38.4
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	(180.3)	(180.3)
Balance at September 30, 2013	$ 2.6	$ —	$ 23,524.7	$ 1,950.0	$ 2.4	$ (12,709.7)	$ 12,770.0	$ 2,094.5	$ 14,864.5

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2014 and 2013 (Unaudited)
(In millions)

	Nine Months Ended September 30,	
	2014	2013
Net cash provided by operating activities	$2,916.2	$2,942.1
Cash Flows from Investing Activities:		
Proceeds from the sale, maturity, disposal or redemption of:		
Fixed maturities	9,192.3	11,626.7
Equity securities, available-for-sale	63.7	47.1
Mortgage loans on real estate	937.6	1,253.5
Limited partnerships/corporations	137.6	274.8
Acquisition of:		
Fixed maturities	(9,172.3)	(14,281.7)
Equity securities, available-for-sale	(18.3)	(17.9)
Mortgage loans on real estate	(1,574.8)	(1,583.2)
Limited partnerships/corporations	(261.3)	(81.0)
Short-term investments, net	(124.5)	3,443.2
Policy loans, net	42.8	52.8
Derivatives, net	(670.7)	(1,981.6)
Other investments, net	38.5	34.3
Sales from consolidated investment entities	2,558.5	2,518.7
Purchases within consolidated investment entities	(4,292.6)	(3,352.2)
Collateral received (delivered), net	116.8	(751.5)
Purchases of fixed assets, net	(26.5)	(25.7)
Net cash used in investing activities	(3,053.2)	(2,823.7)
Cash Flows from Financing Activities:		
Deposits received for investment contracts	5,681.5	8,985.2
Maturities and withdrawals from investment contracts	(7,332.9)	(9,648.9)
Proceeds from issuance of debt with maturities of more than three months	—	2,147.1
Repayment of debt with maturities of more than three months	—	(2,697.4)
Short-term debt, net	—	(171.6)
Debt issuance costs	(16.8)	(24.8)
Borrowings of consolidated investment entities	340.5	32.0
Repayments of borrowings of consolidated investment entities	(66.6)	(8.5)
Contributions from (distributions to) participants in consolidated investment entities	1,235.9	626.7
Proceeds from issuance of common stock, net	—	571.6
Common stock acquired - Share repurchase	(614.4)	—
Share-based compensation	(14.8)	—
Dividends paid	(7.7)	—
Net cash used in financing activities	(795.3)	(188.6)
Net decrease in cash and cash equivalents	(932.3)	(70.2)
Cash and cash equivalents, beginning of period	2,840.8	1,786.8
Cash and cash equivalents, end of period	$1,908.5	$1,716.6
Supplemental cash flow information:		
Income taxes paid (received), net	$44.4	$(2.8)
Interest paid	156.9	126.3

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

1. Business, Basis of Presentation and Significant Accounting Policies

Business

Voya Financial, Inc. (which changed its name from ING U.S., Inc. on April 7, 2014) and its subsidiaries (collectively the "Company") is a financial services organization in the United States that offers a broad range of retirement services, annuities, investment management services, mutual funds, life insurance, group insurance and supplemental health products. The Company provides its principal products and services in three ongoing businesses (Retirement Solutions, Investment Management and Insurance Solutions) and reports results through five ongoing operating segments, including Retirement, Annuities, Investment Management, Individual Life and Employee Benefits. The Company also has a Corporate segment, which includes the financial data not directly related to the businesses, and Closed Block segments. See the Segments Note to these Condensed Consolidated Financial Statements.

Prior to May 2013, the Company was an indirect, wholly-owned subsidiary of ING Groep N.V. ("ING Group" or "ING"), a global financial services holding company based in The Netherlands, with American Depository Shares listed on the New York Stock Exchange. In 2009, ING Group announced the anticipated separation of its global banking and insurance businesses, including the divestiture of the Company. On April 11, 2013, the Company announced plans to rebrand as Voya Financial. On May 2, 2013, the common stock of Voya Financial, Inc. began trading on the New York Stock Exchange under the symbol "VOYA." On May 7, 2013 and May 31, 2013, Voya Financial, Inc. completed its initial public offering of common stock, including the issuance and sale by Voya Financial, Inc. of 30,769,230 shares of common stock and the sale by ING Insurance International B.V. ("ING International"), an indirect wholly owned subsidiary of ING Group and previously the sole stockholder of Voya Financial, Inc., of 44,201,773 shares of outstanding common stock of Voya Financial, Inc. (collectively, the "IPO"). On September 30, 2013, ING International transferred all of its remaining shares of Voya Financial, Inc. common stock to ING Group.

On October 29, 2013, ING Group completed a sale of 37,950,000 shares of common stock of the Company in a registered public offering ("Secondary Offering"), reducing ING Group's ownership in the Company to 57%.

On March 25, 2014, ING Group completed a sale of 30,475,000 shares of common stock of Voya Financial, Inc. in a registered public offering (the "March 2014 Offering"). Also on March 25, 2014, pursuant to the terms of a share repurchase agreement between ING Group and Voya Financial, Inc., Voya Financial, Inc. acquired 7,255,853 shares of its common stock from ING Group (the "March 2014 Direct Share Repurchase") (the March 2014 Offering and the March 2014 Direct Share Repurchase collectively, the "March 2014 Transactions"). Upon completion of the March 2014 Transactions, ING Group's ownership of Voya Financial, Inc. was reduced to approximately 43%.

On September 8, 2014, ING Group completed a sale of 22,277,993 shares of common stock of Voya Financial, Inc. in a registered public offering (the "September 2014 Offering"). Also on September 8, 2014, pursuant to the terms of a share repurchase agreement between ING Group and Voya Financial, Inc., Voya Financial, Inc. acquired 7,722,007 shares of its common stock from ING Group (the "September 2014 Direct Share Repurchase") (the September 2014

Offering and the September 2014 Direct Share Repurchase collectively, the "September 2014 Transactions"). Upon completion of the September 2014 Transactions, ING Group's ownership of Voya Financial, Inc. was reduced to 32.5%. Pursuant to an agreement with the European Union, ING Group is required to divest its remaining ownership stake in the Company by the end of 2016.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are unaudited. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates.

Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

The Condensed Consolidated Financial Statements include the accounts of Voya Financial, Inc. and its subsidiaries, as well as partnerships (voting interest entities ("VOEs")) in which the Company has control and variable interest entities ("VIEs") for which the Company is the primary beneficiary. See the Consolidated Investment Entities Note to these Condensed Consolidated Financial Statements. Intercompany transactions and balances have been eliminated.

The accompanying Condensed Consolidated Financial Statements reflect adjustments (including normal, recurring adjustments) necessary to present fairly the financial position of the Company as of September 30, 2014, its results of operations and comprehensive income for the three and nine months ended September 30, 2014 and 2013, and its changes in shareholders' equity and statements of cash flows for the nine months ended September 30, 2014 and 2013, in conformity with U.S. GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2013 Consolidated Balance Sheet is from the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K, filed with the SEC. Therefore, these unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K.

Adoption of New Pronouncements

Presentation of Unrecognized Tax Benefits
In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-11, "Income Taxes (Accounting Standards Codification ("ASC") Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"), which clarifies that:

- An unrecognized tax benefit should be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, except,
- An unrecognized tax benefit should be presented as a liability and not be combined with a deferred tax asset (i) to the extent a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position or (ii) the tax law does not require the entity to use, or the entity does not intend to use, the deferred tax asset for such a purpose.
- The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date.

The provisions of ASU 2013-11 were adopted prospectively by the Company on January 1, 2014, to unrecognized tax benefits existing on that date. The adoption had no effect on the Company's financial condition, results of operations or cash flows, as the guidance is consistent with that previously applied.

Investment Companies
In June 2013, the FASB issued ASU 2013-08, "Financial Services-Investment Companies (ASC Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements" ("ASU 2013-08"), which provides comprehensive guidance for assessing whether an entity is an investment company and requires an investment company to measure noncontrolling ownership interests in other investment companies at fair value. ASU 2013-08

also requires an entity to disclose that it is an investment company and any changes to that status, as well as information about financial support provided or required to be provided to investees.

The provisions of ASU 2013-08 were adopted prospectively by the Company on January 1, 2014, for entities that are investment companies at that date. The adoption had no effect on the Company's financial condition, results of operations or cash flows.

Joint and Several Liability Arrangements

In February 2013, the FASB issued ASU 2013-04, "Liabilities (ASC Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date" ("ASU 2013-04"), which requires an entity to measure obligations resulting from joint and several liable arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of (1) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (2) any additional amount it expects to pay on behalf of its co-obligors. ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation, as well as other information about those obligations.

The provisions of ASU 2013-04 were adopted by the Company on January 1, 2014. The adoption had no effect on the Company's financial condition, results of operations or cash flows, as the Company did not have any fixed obligations under joint and several liable arrangements as of January 1, 2014.

Fees Paid to the Federal Government by Health Insurers
In July 2011, the FASB issued ASU 2011-06, "Other Expenses (ASC Topic 720): Fees Paid to the Federal Government by Health Insurers" ("ASU 2011-06"), which specifies how health insurers should recognize and classify the annual fee imposed by the Patient Protection and Affordable Care Act as amended by the Health Care Education Reconciliation Act (the "Acts"). The liability for the fee should be estimated and recorded in full at the time the entity provides qualifying health insurance in the year in which the fee is payable, with a corresponding deferred cost that is amortized to expense.

The provisions of ASU 2011-06 were adopted by the Company on January 1, 2014, when the fee initially became effective. The adoption of ASU 2011-06 had no effect on the Company's financial condition, results of operations or cash flows, as the amount of net premium written for qualifying health insurance by the Company in 2014 is expected to be below the $25.0 threshold as defined by the Acts and, thus, not subject to the fee.

Future Adoption of Accounting Pronouncements

Going Concern
In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements-Going Concern (ASC Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern" ("ASU 2014-15"), which requires management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued. The provisions of ASU 2014-15 will not affect a company's financial condition, results of operation, or cash flows, but require disclosure if management determines there is substantial doubt, including management’s plans to alleviate or mitigate the conditions or events that raise substantial doubt.
The provisions of ASU 2014-15 are effective for annual periods ending after December 15, 2016, and annual and interim periods thereafter. The Company does not expect ASU 2014-15 to have an impact.

Collateralized Financing Entities
In August 2014, the FASB issues ASU 2014-13, “Consolidation (ASC Topic 810): Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity” (“ASU 2014-13”), which allows an entity to elect to measure the financial assets and financial liabilities of a consolidated collateralized financing entity using either:

- ASC Topic 820, whereby both the financial assets and liabilities are measured using the requirements of ASC Topic 820, with any difference reflected in earnings and attributed to the reporting entity in the statement of operations.
- The measurement alternative, whereby both the financial assets and liabilities are measured using the more observable of the fair value of the financial assets and the fair value of the financial liabilities.

The provisions of ASU 2014-13 are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. The Company is currently in the process of determining the impact of the adoptions of the provisions of ASU 2014-13.

Share-based Payments

In June 2014, the FASB issued ASU 2014-12, "Compensation-Stock Compensation (ASC Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" ("ASU 2014-12"), which requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition and should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved.

The provisions of ASU 2014-12 are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The amendments can be applied prospectively or retrospectively. The Company does not expect ASU 2014-12 to have an impact on its financial condition or results of operations, as the guidance is consistent with that previously applied.

Repurchase Agreements

In June 2014, the FASB issued ASU 2014-11, "Transfers and Servicing (ASC Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures" ("ASU 2014-11"), which (1) changes the accounting for repurchase-to-maturity transactions to secured borrowing accounting, and (2) requires separate accounting for a transfer of a financial asset executed with a repurchase agreement with the same counterparty. This will result in secured borrowing accounting for the repurchase agreement. The amendments also require additional disclosures for certain transactions accounted for as a sale and for repurchase agreements, securities lending transactions and repurchase-to-maturity transactions that are accounted for as secured borrowings.

The provisions of ASU 2014-11 are effective for the first interim or annual period beginning after December 15, 2014, with the exception of disclosure amendments for repurchase agreements, securities lending transactions and repurchase-to-maturity transactions that are accounted for as secured borrowings, which are effective for annual periods beginning after December 15, 2014, and for interim periods beginning after March 15, 2015. The Company does not expect ASU 2014-11 to have an impact on its financial condition or results of operations, as the Company has not historically met the requirements for sale accounting treatment for such secured borrowing arrangements. The Company is currently in the process of determining the impact of adoption of the disclosure provisions of ASU 2014-11.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)" ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the entity satisfies a performance obligation under the contract. The standard also requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The provisions of ASU 2014-09 are effective retrospectively for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2014-09.

Discontinued Operations and Disposals

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements (ASC Topic 205) and Property, Plant, and Equipment (ASC Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"), which requires the disposal of a component of an entity to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on the entity's operations and financial results. The component should be reported in discontinued operations when it meets the criteria to be classified as held for sale, is disposed of by sale or is disposed of other than by sale.

The amendments also require additional disclosures about discontinued operations, including disclosures about an entity’s significant continuing involvement with a discontinued operation and disclosures for a disposal of an individually significant component of an entity that does not qualify for discontinued operations.

The provisions of ASU 2014-08 are effective for annual periods beginning after December 15, 2014 and for interim periods beginning after December 15, 2015. The amendments should be applied prospectively to disposals and classifications as held for sale that occur within those periods.

Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

2. Investments (excluding Consolidated Investment Entities)

Fixed Maturities and Equity Securities

Available-for-sale and fair value option ("FVO") fixed maturities and equity securities were as follows as of September 30, 2014:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$3,767.5	$424.7	$5.1	$—	$4,187.1	$—
U.S. Government agencies and authorities	415.3	47.1	0.1	—	462.3	—
State, municipalities and political subdivisions	434.8	21.5	1.5	—	454.8	—
U.S. corporate securities	37,243.2	3,054.6	219.6	—	40,078.2	10.6
Foreign securities[1]:						
Government	862.6	47.2	12.8	—	897.0	—
Other	15,115.3	1,065.0	59.8	—	16,120.5	—
Total foreign securities	15,977.9	1,112.2	72.6	—	17,017.5	—
Residential mortgage-backed securities:						
Agency	4,988.3	414.0	20.5	75.0	5,456.8	0.3
Non-Agency	1,036.1	168.6	8.3	43.2	1,239.6	80.1
Total Residential mortgage-backed securities	6,024.4	582.6	28.8	118.2	6,696.4	80.4
Commercial mortgage-backed securities	3,761.5	270.5	1.2	—	4,030.8	—
Other asset-backed securities	1,750.0	78.2	20.2	—	1,808.0	4.8
Total fixed maturities, including securities pledged	69,374.6	5,591.4	349.1	118.2	74,735.1	95.8
Less: Securities pledged	951.7	77.6	7.7	—	1,021.6	—
Total fixed maturities	68,422.9	5,513.8	341.4	118.2	73,713.5	95.8
Equity securities:						
Common stock	188.7	0.5	—	—	189.2	—
Preferred stock	50.5	30.8	—	—	81.3	—

Total equity securities	239.2	31.3	—	—	270.5	—
Total fixed maturities and equity securities investments	$68,662.1	$5,545.1	$341.4	$118.2	$73,984.0	$95.8

(1) Primarily U.S. dollar denominated.

(2) Embedded derivatives within fixed maturity securities are reported with the host investment. The changes in fair value of embedded derivatives are reported in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.

(3) Represents Other-than-Temporary-Impairments ("OTTI") reported as a component of Other comprehensive income (loss).

Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
(Dollar amounts in millions, unless otherwise stated)

Available-for-sale and FVO fixed maturities and equity securities were as follows as of December 31, 2013:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$5,094.0	$174.0	$86.8	$—	$5,181.2	$—
U.S. Government agencies and authorities	598.0	22.3	1.4	—	618.9	—
State, municipalities and political subdivisions	272.0	10.6	1.5	—	281.1	—
U.S. corporate securities	36,010.3	2,174.5	706.2	—	37,478.6	12.8
Foreign securities[1]:						
Government	1,044.0	49.6	42.2	—	1,051.4	—
Other	14,617.4	864.2	176.5	—	15,305.1	—
Total foreign securities	15,661.4	913.8	218.7	—	16,356.5	—
Residential mortgage-backed securities:						
Agency	5,379.2	431.1	62.1	79.2	5,827.4	0.4
Non-Agency	1,101.1	166.2	18.3	47.3	1,296.3	103.2
Total Residential mortgage-backed securities	6,480.3	597.3	80.4	126.5	7,123.7	103.6
Commercial mortgage-backed securities	3,427.9	327.7	3.5	—	3,752.1	4.4
Other asset-backed securities	1,883.1	81.6	38.0	—	1,926.7	5.2
Total fixed maturities, including securities pledged	69,427.0	4,301.8	1,136.5	126.5	72,718.8	126.0
Less: Securities pledged	1,457.9	24.6	16.8	—	1,465.7	—
Total fixed maturities	67,969.1	4,277.2	1,119.7	126.5	71,253.1	126.0
Equity securities:						
Common stock	214.3	5.1	0.9	—	218.5	—
Preferred stock	53.1	43.4	0.6	—	95.9	—
Total equity securities	267.4	48.5				