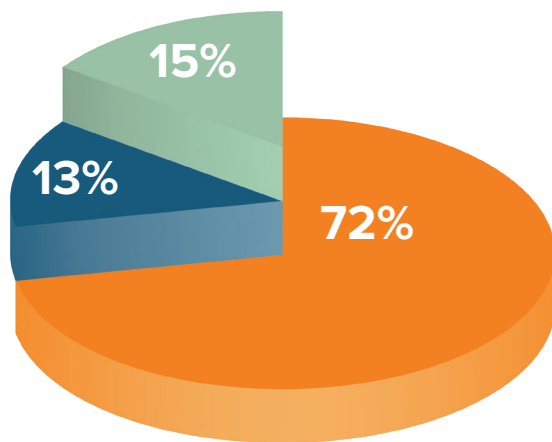




# 2021 Annual Report

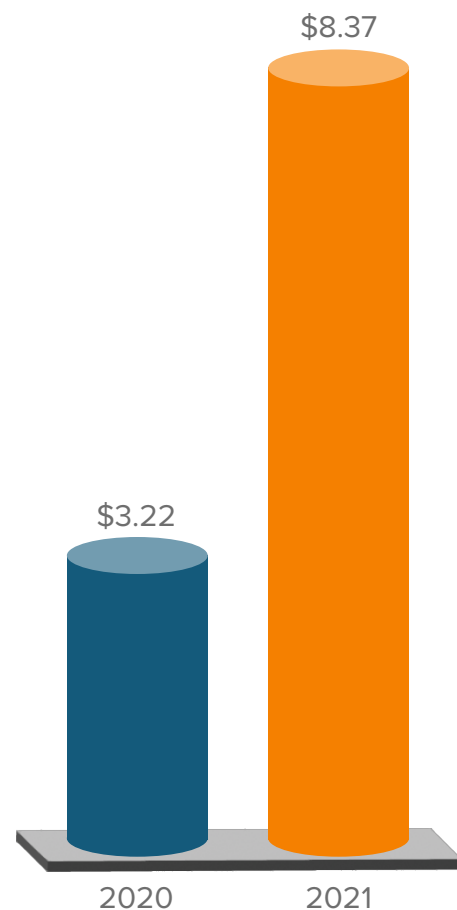
With a clear strategy and focus on serving the workplace and institutions, Voya Financial is taking a customer-centric approach to providing health, wealth and investment solutions that meet the growing needs of its clients. Voya is leveraging its award-winning culture – along with its unique perspective and approach – to deliver valuable solutions and outcomes for all of its stakeholders.

Percentage of adjusted operating earnings before income taxes by segment — year ended Dec. 31, 2021\*




- Wealth Solutions
- Health Solutions
- Investment Management

Adjusted operating earnings per diluted share, after tax\*\*



\*Excludes Corporate.

\*\* Adjusted operating EPS as presented is a non-GAAP financial measure. Information regarding this non-GAAP financial measure, and a reconciliation to the most comparable U.S. GAAP measure, is provided in the “Reconciliations” section of Voya’s fourth-quarter and full-year 2021 Quarterly Investor Supplement, which is available at [investors.voya.com](http://investors.voya.com).



Rodney O. Martin, Jr.  
Chairman and Chief Executive Officer

# Letter to Shareholders

Dear Fellow Shareholders,

I am pleased to share with you that 2021 was yet another year during which Voya Financial achieved a number of significant and positive outcomes for all of our stakeholders. We are operating from a position of strength. We are purpose driven, and we have built a company with a culture, a brand and an operating discipline that has established Voya as a leader in our industry. With that foundation, we are focused on executing a clear customer-centered strategy that is already creating greater value for our shareholders.

## **Delivering growth and strong returns in 2021**

We concluded 2021 with record adjusted operating earnings and strong organic growth across our businesses:

- In Wealth Solutions, full-year full-service recurring deposits increased 9.0% to \$12.1 billion.
- In Investment Management, we generated \$7.8 billion in positive net flows (excluding our divested annuities businesses and sub-advisor replacements).
- In Health Solutions, we grew in-force premiums by 10.0% compared with the previous year.

At the same time, we also continued to demonstrate the power of Voya's high-free-cash-flow businesses. In 2021, we generated \$1.4 billion of excess capital, of which \$1 billion was generated organically. This enabled us to build on our capital return track record — deploying a record \$1.7 billion of excess capital in 2021 through a combination of share repurchases, debt reduction, and dividends — and bringing the total amount of capital returned to shareholders since our initial public offering in 2013 to approximately \$8 billion.

Our strong financial results were achieved while also undertaking important operational changes. Last year, we completed Voya's transformation to a company focused on delivering health, wealth and investment

solutions for the workplace and institutions. In closing the sales of both our Individual Life business and the independent financial planning channel of Voya Financial Advisors, we have concluded a restructuring effort to exit capital-intensive retail businesses and begin a new chapter in Voya's future. With these changes, we introduced in early 2021 a more customer-centric operating model to reflect our company's simpler structure and to support our strategy. In short, we are well-positioned as we continue to advance our objectives and meet the growing health, wealth and investment needs of our clients.

### **Clear plans for continued top and bottom-line growth**

During our 2021 Investor Day last November, we introduced the next chapter of our growth story and a new, annual adjusted operating earnings per share (EPS) growth target of 12%–17% through 2024.

Key takeaways from our Investor Day were:

1. Voya is a leading health, wealth and investment company with a clear focus on serving the workplace and institutions. We are well positioned to help all of our clients and customers with their specific needs — and our increasing technology and analytics capabilities will lead to better outcomes for our customers and drive Voya's top-line growth.
2. Voya has scale, a strong brand and an award-winning culture. A purpose-driven company, Voya is an established leader in our industry that is positioned to win and retain business.
3. Net revenue growth, margin expansion and capital management provide a clear path to achieving our annual EPS growth target. Our next chapter is a growth story, and we expect further, profitable growth across our businesses over the next three years.

Collectively, our strategy, scale, customer-centric approach and high-free-cash-flow businesses will enable us to drive both top- and bottom-line growth as we deliver greater value for all of our stakeholders.

### **Voya has a strong brand and an award-winning culture**

Over the past two years, the challenges presented by the pandemic have affected each of us in some way, whether it be financially, socially, mentally or physically. At Voya, we have viewed the unprecedented changes to society as an opportunity to reimagine our future approach to our own workplace and strengthen our commitment to make a difference in the communities in which we live and work. We are embracing the multiple benefits of a hybrid-work model, enabling greater access to talent while also providing the flexibility that our employees value. All of this helps us build upon our already-strong organizational health and our culture, which has enabled us to build stronger relationships with our customers and clients. Voya continues to be among a few select companies that have earned multiple honors for our outstanding culture, including:

- For the ninth consecutive year, we earned recognition as one of the World's Most Ethical Companies — and as one of just six honorees in the financial services category.
- We continue to be recognized as a "Best Place to Work for Disability Inclusion," earning 100% on the Disability Equality Index (DEI), a benchmark tool for disability inclusion in the workplace, for the fourth consecutive year.
- For the sixth consecutive year, Voya has been recertified as a "Great Place to Work" by the Great Place to Work Institute — the global authority on high-trust, high-performance workplace cultures.
- We once again earned inclusion on the following indices: Bloomberg's Gender Equality Index (seventh consecutive year); Dow Jones Sustainability Index (sixth consecutive year); and Human Rights Campaign Foundation's Corporate Equality Index (17th consecutive year).

**"We are well-positioned as we continue to advance our objectives and meet the growing health, wealth and investment needs of our clients."**

As we advance our enterprise environmental, social and governance practice and performance — which includes diversity, equity and inclusion — we will continue to be guided by these important differentiators, which benefit our people, our customers, our communities and our business.

At the same time, Voya has continued to benefit from its strong brand. During 2021, we continued to be the No. 1 brand associated with retirement. We also set new highs across all tracked brand metrics, including brand opinion and interest in doing business with Voya.

Looking ahead, the opportunities for Voya are exciting. The purposeful decisions that we have made to advance our customer-centric focus on delivering health, wealth and investment solutions have uniquely positioned Voya to meet Americans' growing needs for financial solutions, and in so doing, achieve our growth objectives.

I am grateful for your support during 2021 — and I'm excited about the possibilities ahead, as we deliver even greater value to all of our stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodney O. Martin, Jr.", written over a horizontal line.

Rodney O. Martin, Jr.  
Chairman of the Board and Chief Executive Officer  
Voya Financial, Inc.

April 14, 2022



Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

**CEO **ACT!ON** FOR DIVERSITY & INCLUSION**





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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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

(Address of principal executive offices)

New York

10169

(Zip Code)

(212) 309-8200

(Registrant's telephone number, including area code)

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

Table with 3 columns: Title of each class, Trading Symbol(s), Name of each exchange on which registered. Rows include Common Stock and Depository Shares.

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. [ ] Yes [X] 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. [ ] Yes [X] No

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. [X] Yes [ ] 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. [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). [X] Yes [ ] No

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

Large accelerated filer [X] Accelerated filer [ ]
Non-accelerated filer [ ] Smaller reporting company [ ]
Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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

As of June 30, 2021, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was approximately \$6.9 billion.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. [ ] Yes [ ] No

As of February 14, 2022, there were 106,136,475 shares of the registrant's common stock outstanding.

Documents incorporated by reference: Portions of Voya Financial, Inc.'s Proxy Statement for its 2022 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.

**Voya Financial, Inc.**  
**Form 10-K for the period ended December 31, 2021**  
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*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, (xi) our ability to successfully manage the separation of the Individual Life business that we sold to Resolution Life US on January 4, 2021, including the transition services on the expected timeline and economic terms, and (xii) 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, such as LIMRA, Secure Retirement Institute, an insurance and financial services industry organization (for Wealth Solutions and Health Solutions market leadership positions), Morningstar fund data and eVestment institutional composites (for Investment Management market leadership positions) and industry recognized publications and websites such as Pensions & Investments (for Wealth Solutions and Investment Management), InvestmentNews.com (for Wealth Solutions and Investment Management) and MyHealthGuide (for Health Solutions). 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.

## 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 leading retirement, investment and employee benefits company providing complementary solutions to improve the financial outcomes of approximately 14.3 million customers, workplace participants and institutions in the United States as of December 31, 2021. Our approximately 6,000 employees (as of December 31, 2021) 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 complementary set of 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 financial wellness—being emotionally and economically secure and ready for their retirement. We believe that the 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. We believe that we are well positioned to deliver on this financial wellness need.

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

Plan	Invest	Protect
Our products enable our customers to save for retirement by establishing investment accounts through their employers or individually. We also provide financial planning and wellness tools and services to help customers set financial goals.	We provide advisory programs, individual retirement accounts ("IRAs"), brokerage accounts, mutual funds and income protection products to help our customers achieve their financial objectives. Our income products such as target date funds, guaranteed income funds, IRAs, mutual funds and income protection products enable our customers to meet income needs through retirement and achieve wealth transfer objectives.	Our specialized retirement and insurance products, such as stable value and group life products, allow our customers to protect against unforeseen life events and mitigate market risk.

We provide our products and services principally through three segments: Wealth Solutions, Investment Management, and Health Solutions. On January 4, 2021, we completed the sale of our Individual Life and certain legacy annuities businesses. Accordingly, substantially all of our former Individual Life segment has now been reclassified as Discontinued Operations. The sale of the Individual Life business is described further under "—Organizational History and Structure—Individual Life Transaction".

Our pivot away from the individual life insurance market aligns with our strategic focus on higher-growth, higher-return, capital-light businesses, centered on workplace and institutional clients.

Activities not related to our business segments such as our corporate operations, corporate-level assets and financial obligations are included in Corporate.

The following table presents a summary of our key individual and workplace markets, how we define those markets, and the key products we sell in such markets:

<i>Individual Markets</i>				<i>Workplace Markets</i>			
Market	Household Income Range	Investable Asset Range	Typical Customer Products	Market	Employee Size	Asset Range	Typical Customer Products
Mass Market	\$50,000-\$100,000	<\$100,000	<ul style="list-style-type: none"> <li>• Mutual Funds</li> <li>• IRAs</li> </ul>	Small-Mid	<1,000	\$0-\$75 million	<ul style="list-style-type: none"> <li>• Full Service Retirement Plans</li> <li>• Retirement Plan Recordkeeping</li> <li>• Employee Benefits</li> <li>• Investment Management</li> <li>• Stable Value</li> </ul>
Middle Market & Mass Affluent	\$100,000-\$250,000	\$100,000-\$2,000,000	<ul style="list-style-type: none"> <li>• Mutual Funds</li> <li>• IRAs</li> <li>• Financial Advisory</li> </ul>	Large	1,000-10,000	\$75 million-\$1 billion	<ul style="list-style-type: none"> <li>• Full Service Retirement Plans</li> <li>• Retirement Plan Recordkeeping</li> <li>• Employee Benefits</li> <li>• Investment Management</li> <li>• Stable Value</li> </ul>
Affluent & Wealth Management Market	\$250,000-\$500,000	>\$2,000,000	<ul style="list-style-type: none"> <li>• Mutual Funds</li> <li>• Separately Managed Accounts</li> <li>• Alternative Funds</li> <li>• IRAs</li> <li>• Financial Advisory</li> </ul>	Mega	>10,000	>\$1 billion	<ul style="list-style-type: none"> <li>• Full Service Retirement Plans</li> <li>• Retirement Plan Recordkeeping</li> <li>• Employee Benefits</li> <li>• Investment Management</li> <li>• Stable Value</li> </ul>

## Our Segments

Voya is committed to being America's Retirement Company, and is focused on high-growth, high-return, capital light businesses that provide complementary solutions to workplaces and institutions.

Wealth Solutions	Investment Management	Health Solutions
A leading provider of retirement solutions to a large customer base across diverse markets, with a strong market share and leadership position in those markets.	A full-service, diversified asset manager delivering specialty and retirement capabilities to a broad range of clients with approximately \$263.8 billion of assets under management ("AUM") and \$59.8 billion of assets under administration ("AUA") as of December 31, 2021.	A focused benefits provider primarily serving the mid-to-large market, Health Solutions is the eighth largest provider of stop-loss, has a fast growing voluntary benefits offering and is a top provider of group life in the US.

As of December 31, 2021, on a consolidated basis, we had \$739.0 billion in total AUM and AUA and total shareholders' equity, excluding accumulated other comprehensive income/loss ("AOCI") and noncontrolling interests, of \$6.2 billion.

For the year ended December 31, 2021, we generated \$2.8 billion of Income (loss) from continuing operations before income taxes, and \$1.3 billion of Adjusted operating earnings before income taxes. Adjusted operating earnings before income taxes is a non-GAAP financial measure. For a reconciliation of Adjusted 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

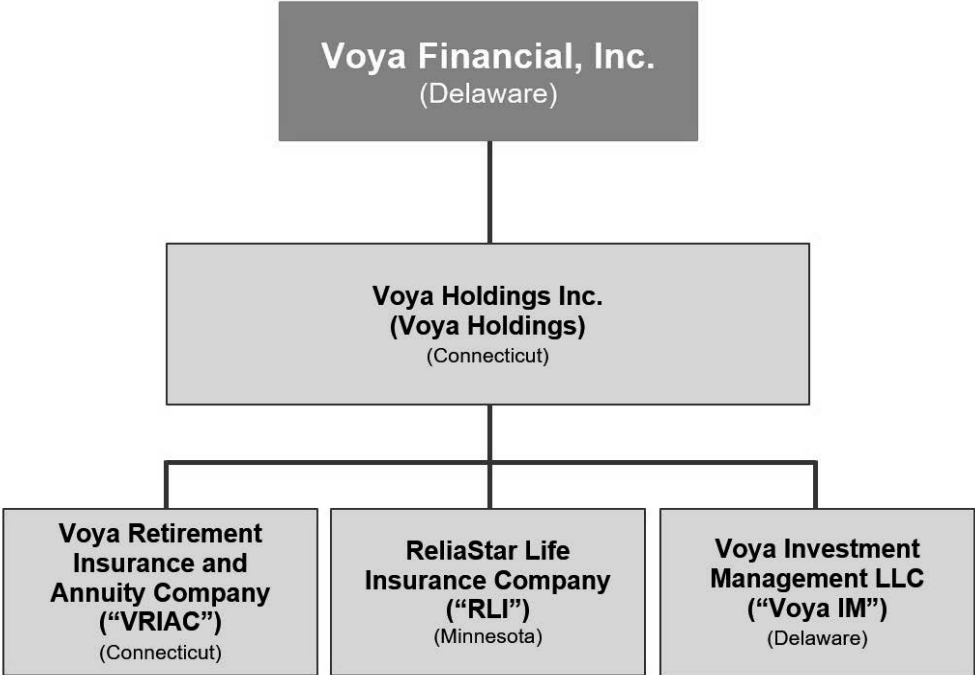
Prior to our initial public offering in May 2013, we were a wholly owned subsidiary of ING Groep N.V. ("ING Group"), a global financial institution based in the Netherlands.

Through ING Group, we entered the United States life insurance market in 1975 with 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). ING Group completely divested its ownership of Voya Financial, Inc. common stock between 2013 and 2015, and, as of March 2018, ING Group has also divested its remaining interest in warrants to acquire additional shares of our common stock, which it acquired in connection with our IPO.

**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 as of December 31, 2021:



The chart above includes:

- 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 and RLI) and Voya Investment Management LLC, the holding company for entities that operate our Investment Management segment.

Our former subsidiaries, Security Life of Denver Insurance Company ("SLD") and Security Life of Denver International Limited ("SLDI") were divested as of January 4, 2021 upon the closing of the Individual Life Transaction described below under "—Individual Life Transaction."

**Environmental, Social and Governance (“ESG”)**

We have a multi-faceted ESG strategy which encompasses corporate issuance and governance, product and solution development, and ESG advocacy. We report periodically on our ESG activities in accordance with Global Reporting Initiative (GRI) Standards.

Our ESG strategy encompasses the adoption of practices and policies across the Company that help contribute to positive outcomes for our colleagues, communities and customers by providing information to attract and retain customers, investors

and other key stakeholders, and earn their trust and confidence. In support of our business growth and success, we identify how we treat our employees; respond to climate change; increase diversity, equity and inclusion; and build community connections.

### ***Environmental Stewardship***

We encourage the responsible use of natural resources in a way that takes full and balanced account of the interests of society, future generations, and business needs. We work to minimize our environmental impact while engaging our various stakeholders on climate-related topics. In particular, we do this through the reduction of waste consumption and GHG emissions, the reduction of energy use, and the purchase of renewable energy certificates and offsets to compensate for energy consumption.

### ***Social responsibility and financial inclusion***

Voya's commitment to Diversity, Equity and Inclusion helps drive our business growth and positively influences our culture, serves our clients and enriches communities by advancing racial, social and financial equity and inclusion in underserved communities. For example, we focus on workplace diversity, talent development and retention, including through fostering a safe and supportive workplace. Our Voya Cares® program is designed to impact the lives of people with special needs and disabilities, their families and their caregivers by helping them plan for the future they envision in retirement. We have prioritized increasing our diverse representation across all employee levels, as well as continuing to sustain the gender and racial parity of our workforce. See "--Human Capital Resources" below for more information.

### ***Governance and ethics***

How we conduct our business builds trust through accountability to maintaining the highest standards, mitigating risk, seizing opportunities and providing transparency.

Our Board of directors consists of our Chairman and CEO, together with 8 independent directors, including a lead independent director, each of whom is elected annually. Our Board also represents a diverse array of tenures, experiences and backgrounds, including gender parity.

Our management team aligns its priorities with the long-term interests of our shareholders through a requirement to own meaningful amounts of VOYA stock.

### **Individual Life Transaction**

On January 4, 2021, we consummated a series of transactions (collectively, the "Individual Life Transaction") pursuant to a Master Transaction Agreement dated December 18, 2019 (the "Resolution MTA") with Resolution Life U.S. Holdings Inc., a Delaware corporation ("Resolution Life US"), pursuant to which Resolution Life US acquired all of the shares of the capital stock of SLD and SLDI, including the capital stock of several subsidiaries of SLD and SLDI. Concurrently with the sale, SLD entered into reinsurance treaties with RLI, ReliaStar Life Insurance Company of New York, an insurance company organized under the laws of the State of New York ("RLNY"), and VRIAC, each of which is a direct or indirect wholly owned subsidiary of the Company. Pursuant to these treaties, RLI and VRIAC reinsure to SLD a 100% quota share, and RLNY reinsures to SLD a 75% quota share, of their respective in-scope individual life insurance and annuities businesses. RLI, RLNY, and VRIAC remain subsidiaries of the Company. The transaction resulted in our disposition of substantially all of our life insurance and legacy non-retirement annuity businesses and related assets.

Resolution Life US is an insurance holding company formed by Resolution Life Group Holdings, L.P., a Bermuda-based limited partnership ("RLGH").

The assets associated with the businesses sold are managed, in significant part, by Voya IM pursuant to asset management agreements with the divested companies. These investment management mandates vary according to the asset class involved, but are expected to last for minimum terms of between two and seven years after closing.

Pursuant to the Individual Life Transaction, Voya Financial has divested or dissolved five regulated insurance entities, including its life companies domiciled in Colorado and Indiana, and captive entities domiciled in Arizona and Missouri. Voya Financial has also divested Voya America Equities LLC, a regulated broker-dealer, in connection with the Individual Life Transaction and has transferred or ceased usage of a substantial number of administrative systems.

We transferred a significant number of employees to Resolution Life US on the closing date, and also agreed to provide transition services for a period of up to two years following the closing, subject to extension. We earn fees for providing these transition services.

## **OUR BUSINESSES**

### **Wealth Solutions**

Our Wealth Solutions 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 retirement accounts and comprehensive financial product offerings and planning and advisory services. We are well positioned in the marketplace, with our industry-leading Workplace Retirement Plans business and our Retail Wealth Management business having a combined \$536.2 billion of AUM and AUA as of December 31, 2021 (which includes Retail Assets Under Advisement), of which \$79.6 billion were in proprietary assets.

Our Workplace Retirement Plans business, with AUM and AUA of \$507.9 billion as of December 31, 2021, offers qualified and non-qualified tax-deferred employer-sponsored retirement savings plan and administrative services to corporations of all sizes, public and private school systems, higher education institutions, hospitals and healthcare facilities, not-for-profit organizations and state and local governments. We also offer stable value investment products to workplace retirement plan sponsors. This broad-based retirement plans business is diversified across many sectors of the economy. In the defined contribution market, we provide services to approximately 52,000 plan sponsors covering approximately 6.3 million plan participant accounts as of December 31, 2021.

Our Retail Wealth Management business, with AUM and AUA of \$28.3 billion as of December 31, 2021, focuses on the rapidly expanding retiree market as well as on pre-retirees. Retail AUA includes assets under advisement, which comprises brokerage and investment advisory assets. This business offers holistic financial planning and advisory services through protection and investment products to help individuals plan, protect and invest to and through retirement. Products and services are provided through Voya's registered investment advisor and broker-dealer, Voya Financial Advisors ("VFA"). On June 9, 2021, we completed the sale of the independent financial planning channel of VFA to Cetera Financial Group, Inc. ("Cetera"), one of the nation's largest networks of independently managed broker-dealers. In connection with this transaction, we transferred more than 800 independent financial professionals serving retail customers with approximately \$38 billion in assets under advisement to Cetera, while retaining approximately 500 field and phone-based financial professionals who support our Wealth Solutions business.

Our Wealth Solutions segment earns revenue principally from asset and participant-based advisory and recordkeeping fees. Wealth Solutions generated Adjusted operating earnings before income taxes of \$1,110 million for the year ended December 31, 2021. Our Investment Management segment also earns market-based fees from the management of the general account and mutual fund assets supporting Workplace Retirement Plans and certain Retail Wealth Management products and advisory solutions.

We will continue to focus on growing our retirement platform through focused sales and retention efforts in our Workplace Retirement Plans business and by leveraging our financial wellness offerings and Retail Wealth Management business to deepen relationships with our Workplace Retirement Plan participants. We will also continue to place a strong emphasis on cost management while also growing our distribution platform, achieving a diversified retirement product mix and focusing on digital and other innovation efforts that make it easy to do business with us and drive positive outcomes for customers.

### ***Workplace Retirement Plans***

#### *Products and Services*

We are one of the nation's leading providers that offer qualified and non-qualified tax-deferred employer-sponsored retirement savings plans, services and support to the full spectrum of businesses, ranging from small to mega-sized plans and across all markets and code sections. These plans may either be offered as full service options that bundle together plan administration and investment services or as recordkeeping services products that focus on administration services alongside a fully open architecture investment structure that employers can use to customize their plan's investment menu. We also offer stable value investment options to workplace clients and a suite of advice and guidance and other financial wellness solutions to our plan participants, including health savings solutions (i.e., health savings accounts, health retirement accounts and flexible spending

accounts), student loan debt and emergency savings support, and additional products and services through our "Voya Cares" program, which serves those living with special needs and disabilities and their caregivers.

Full-service retirement products provide plan sponsors with options that meet their needs for both administrative and investment services, which include recordkeeping and plan administration support, tailored participant communications and education programs, myOrangeMoney<sup>®</sup> digital capabilities for sponsors and plan participants (plus mobile capabilities for participants), trustee services and institutional and retail investments. Offerings include products for defined contribution plans for tax-advantaged retirement savings, as well as non-qualified 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 and socially responsible funds) to best meet the needs of their employees. A broad selection of funds is available for our products in all asset categories from over 200 fund families, including the Voya family of mutual funds managed by our Investment Management segment. An open architecture investment platform (which offers most funds for which trades are cleared through the National Securities Clearing Corporation) is also available in certain products for larger plans. Our full-service retirement plan offerings are also supported by financial planning and participant investment advisory services offered through our Retail Wealth Management business or through a third party to help prepare individuals for retirement through customer-focused personalized and objective investment advice.

Recordkeeping service products provide recordkeeping and plan administration support alongside a fully open architecture investment structure that employers can use to customize their plan's investment menu. These products are offered to a sponsor base that includes multi/pooled employer corporate plans, large-mega corporations and state and local governments. Our recordkeeping retirement plan offerings are also supported by participant communications and education programs, myOrangeMoney<sup>®</sup> digital capabilities for sponsors and plan participants (plus mobile capabilities for participants), as well as financial planning and participant investment advisory services offered through our Retail Wealth Management business and Voya Retirement Advisors (our registered investment advisor group serving in-plan participants with the in-plan advisory services program).

Stable value investment options may be offered within our full service institutional plans, or as investment-only options within our recordkeeping services plans or within other vendor plans. Our product offering includes both separate account guaranteed investment contracts ("GICs") and synthetic GICs managed by either proprietary or outside investment managers.

We previously offered pension risk transfer group annuity solutions to institutional plan sponsors who sought to transfer to us their defined benefit plan obligations. We discontinued sales of these solutions in late 2016, but continued to manage existing policies and assets until this business was sold to Resolution Life US as part of the Individual Life Transaction. See "—Organizational History and Structure—Individual Life Transaction".

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.

<u>Product/Service Model</u>	<u>AUM/AUA (as of December 31, 2021)</u>	<u>Key Market Segments/Product Lines</u>	<u>Primary Internal Revenue Code section</u>	<u>Core Products*</u>
Full Service Plans	\$187.7 billion**	Small-Mid Corporate	401(k)	Voya MAP Select, Voya Framework
		K-12 Education	403(b)	Voya Custom Choice II, Voya Retirement Choice II, Voya Framework
		Higher Education	403(b)	Voya Retirement Choice II, Voya Retirement Plus II, Voya Framework
		Healthcare & Other Non-Profits	403(b)	Voya Retirement Choice II, Voya Retirement Plus II, Voya Framework
		Government (local and state)	457	RetireFlex-SA, RetireFlex-MF, Voya Health Reserve Account, Voya Framework
Recordkeeping Business	\$279.5 billion	Small-Mid Corporate	401(k)	***
		Large-Mega Corporate	401(k)	***
		Government (local and state)	457	***
Stable Value/Other	\$40.7 billion****	Stable Value	*****	Separate Account and Synthetic GICs

\* Core products actively being sold today.

\*\* Includes a small block of assets associated with legacy K-12 Education market products, primarily fixed annuities, issued by RLI. Voya no longer manufactures new RLI products for distribution by sales agents licensed with RLI.

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

\*\*\*\*Includes Stable Value Investment-only Wrap and Stable Value Separate Accounts.

\*\*\*\*\* Sold across all market segments and various tax codes.

Our *Voya Framework* product can be sold across both full service corporate and tax-exempt markets. It is a mutual fund program offered to fund qualified retirement plans, and it gives plan advisors and third party administrators who work with us a uniform and consistent product experience across multiple plan markets. Voya Framework is distinguished by its flexible recordkeeping platform and contains over 300 funds from well-known fund families for smaller plans or can be provided as an open architecture investment platform for larger plans (which offers most funds for which trades are cleared through the National Securities Clearing Corporation). This product also includes our general account and various stable value solutions as investment options.

In addition to *Voya Framework*, we offer products customized to each of the full service corporate market and the full service tax exempt market.

For plans in the full service corporate market, we offer *Voya MAP Select*, a group funding agreement/group annuity contract to fund qualified retirement plans. Voya MAP Select contains over 300 funds from well-known fund families for smaller plans or can be provided as an open architecture investment platform for larger plans (which offers most funds for which trades are cleared through the National Securities Clearing Corporation). This product also includes our general account and various stable value solutions as investment options.

For plans in the full service tax-exempt market, we offer a variety of products that include the following:

- *Voya Retirement Choice II and RetireFlex-MF*, 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 Workplace Retirement Plans business can be categorized into two primary markets: Corporate and Tax Exempt. Both markets utilize our myOrangeMoney® participant-facing digital capabilities as a centerpiece to help shift the mindset of plan participants from focusing only on accumulation to focusing on both accumulation and adequate income in retirement. We offer a broad suite of financial wellness offerings, including retirement and financial planning, guidance and advisory products, tools and services, health savings solutions (i.e., health savings accounts, health retirement accounts and flexible spending accounts), student loan and emergency savings support and retirement income options to help our plan participants in all markets achieve their financial goals. Additionally, our configurable financial wellness offering and integrated digital experiences, such as our myHealth&Wealth personalized benefits guidance tool, bring workplace benefits solutions together to help optimize benefits spending, simplify administration and provide participants with a unique experience and more holistic view of their finances.

#### *Corporate Markets:*

- *Small-Mid Corporate Market.* In this market, we offer full service solutions to defined contribution plans of small to mid-sized corporations (i.e., typically less than 1,000 employees). Our product offerings include menu-based investment solutions and an open architecture investment platform, comprehensive fiduciary solutions, dedicated and proactive service teams, non-qualified executive compensation plans, and product and service innovations leveraged from our expertise across multiple market segments (all sizes of plans as well as code sections).
- *Large-Mega Corporate Market.* In this market we offer recordkeeping services and non-qualified executive compensation solutions to defined contribution clients of large to mega-sized corporations (i.e., typically more than 1,000 employees). We also offer a variety of investment options for employers to include in their plan investment line-ups for their employees should they choose to do so. Our solutions and capabilities support the most complex retirement plans with a special focus on client relationship management, tailored communication campaigns and education and enrollment support to help employers prepare their employees for retirement. We are dedicated to providing engaging information through innovative award-winning technology-based tools and print materials to help plan participants achieve a secure and dignified retirement.

#### *Tax Exempt Markets:*

- *Education Market.* We offer comprehensive full service solutions to both public and private K-12 educational entities as well as public and private higher education institutions. In the United States, we rank third in higher education and fourth in K-12 education market by assets as of September 30, 2021. Our long-standing position as one of the top providers in this market is driven by our support to plan sponsors (including solutions to reduce administrative burden, deep technical and regulatory expertise, and strong on-site service teams), plus our support to plan advisors, and our broad suite of financial wellness products, tools, and services for plan participants.
- *Healthcare/Other Non Profits Market.* In this market we service hospitals, healthcare organizations and not-for-profit entities by offering full service solutions for a variety of plan types and code sections. We offer services that reduce sponsors' administrative burdens and provide them with deep technical and fiduciary expertise. Additionally, we offer on-site service teams to assist plan sponsors with their plans and to assist their employees with understanding and taking advantage of their plan benefits. We also provide tailored communications, education and enrollment support plus a broad suite of financial wellness products, tools and services that help prepare plan participants for retirement.
- *Government Market.* We provide both full service and recordkeeping services offerings to small and large governmental entities (e.g., state and local government) with a client base that spans nearly 50 states and US territories. For large governmental sponsors, we offer recordkeeping services that meet the most complex of needs, while also offering extensive participant communication and retirement education support, including a broad suite of financial wellness products, tools and services. We also offer a broad range of proprietary and non-proprietary variable

and stable value investment options. Our flexibility and expertise help make us the top ranked provider in the government market in the United States based on AUM and AUA as of December 31, 2020.

Products for Workplace Retirement Plans are distributed nationally through multiple unaffiliated channels supported by our employee wholesale field force and dedicated sales teams and through other affiliated distribution such as our owned broker-dealer and investment advisor, Voya Financial Advisors ("VFA"). We offer localized support to distribution partners and their clients during and after the sales process as well as a broad selection of investment options with flexibility of choice and comprehensive fiduciary solutions to help their clients meet or exceed plan guidelines and responsibilities.

#### *Unaffiliated Distribution:*

- *Independent Sales Agents.* As of December 31, 2021, we work with more than 2,700 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 K-12 education segment plans.
- *Brokers and Advisors.* Over 11,000 wirehouse and independent regional and local brokers, specialty retirement plan advisors plus registered investment advisors (calculated on a rolling three-year basis as of December 31, 2021) are the primary distributors of our small-mid corporate market products, and 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.
- *Third Party Administrators ("TPAs").* As of December 31, 2021, we have long-standing relationships with nearly 1,100 TPAs who work with a variety of retirement plan providers and are selling and/or service partners for our small-mid corporate markets and select tax exempt market plans. 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:*

- *Voya Financial Advisors (VFA).* VFA representatives sell our workplace retirement plans and support plan participants with enrollment, education and advice and guidance services. Pursuant to the Financial Planning Channel Sale described above, we transferred more than 800 of VFA's independent financial professionals serving retail customers to Cetera, while retaining approximately 500 field and phone-based financial professionals who support our Wealth Solutions business. The retained field-based channel focuses primarily on driving enrollment and contribution activity within our education, healthcare and government market workplace retirement plans. They also provide in-plan education and guidance plus retail sold-financial advisory services to help individuals in these markets meet their retirement savings and income goals. The home office phone-based representatives focus on providing education, guidance and rollover support services to our workplace retirement plan participants.
- *Wholesale Field Force.* Locally based employee wholesalers focus on expanding and strengthening relationships with unaffiliated distribution partners and third party administrators who sell and service our workplace retirement plan offerings to employers across the nation.
- *Dedicated Voya Sales Teams.* Our employee sales teams work with more than 80 different pension/specialty consulting firms that represent employers in corporate and tax-exempt markets seeking large-mega workplace plans, stable value solutions and non-qualified executive compensation offerings. These relationships are increasingly valued as consolidation has been taking place in the consultant marketplace in recent years due to merger and acquisition activity and the emergence of national aggregators. Additionally, we have salaried phone-based sales teams that focus on supporting our workplace retirement plan participants across all markets.

#### *Competition*

Our Workplace Retirement Plans business competes with other large, well-established insurance companies, asset managers, record keepers and diversified financial institutions. Top competition varies in all market segments as few institutions are able

to compete across all markets as extensively as we do. The following chart presents a summary of the current competitive landscape in the markets where we offer our Workplace Retirement Plans and stable value solutions:

<b><u>Market/Product Segment</u></b>	<b><u>Competitive Landscape</u></b>	<b><u>Select Competitors</u></b>
Small-Mid Corporate	Primary competitors are mutual fund companies and insurance-based providers with third-party administration relationships	Fidelity Empower
K-12 Education	Primary competitors are insurance-based providers that focus on school districts across the nation	Equitable AIG
Higher Education	Competitors are 403(b) plan providers, asset managers and some insurance-based providers	TIAA Fidelity
Healthcare & Other Non-Profits	Competition varies across 403(b) plan providers, asset managers and some insurance-based providers	Fidelity TIAA
Government	Competitors are primarily insurance-based providers, but also include asset managers and 457 providers	Empower Nationwide
Recordkeeping	Competitors are primarily asset managers and business consulting services firms, but also include payroll firms and insurance-based providers	Fidelity Empower
Stable Value	Competitors are primarily select insurance companies who are also dedicated to the Stable value market, but also include certain banking institutions	Prudential MetLife

In addition, we also compete more generally in the Institutional Retirement Plans business against companies such as Principal Financial, John Hancock, Lincoln Financial, Transamerica and Vanguard.

Our Workplace Retirement Plans business competes primarily based on pricing for value delivered with a strong focus on an excellent customer experience, including our myHealth&Wealth personalized benefits guidance. Our full-service business also competes on the breadth of our service and investment offerings, technical/regulatory expertise, industry experience, local enrollment and education support, investment flexibility and our ability to offer industry tailored product features to meet the financial wellness and retirement income needs of our clients. We have seen industry concentration in the large plan recordkeeping business, as providers seek to increase scale, improve cost efficiencies and enter new market segments. We emphasize our strong sponsor relationships, flexible value-added services, ability to customize recordkeeping and administration services to match client needs, and technical and regulatory expertise as our competitive strengths. Additionally, we compete with our broad suite of products and financial wellness tools and services, including our myOrangeMoney<sup>®</sup> retirement income focused digital and mobile capabilities, to help employers support the retirement preparedness and financial needs of their employees. Our long standing experience in the retirement market underscored by strong stable value expertise allows us to effectively compete against existing and new providers.

### *Underwriting and Pricing*

We price our institutional 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 to become 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 a variety of investments and protection products, along with holistic advice and guidance delivered to individuals through field-based financial planning and advisory representatives and home office phone-based representatives. Our current investment solutions include a variety of mutual fund custodial IRA products, managed accounts and advisory programs, and brokerage accounts. The IRA products include certain tax-qualified mutual fund custodial products that were retained from the Annuities business we divested in 2018, which are also sold by our employee wholesale

team that works directly with affiliated and unaffiliated brokers and advisers who sell individual retirement accounts to individuals or small businesses.

While the primary focus of our Wealth Solutions segment is to serve approximately 6.3 million defined contribution plan participants (as of December 31, 2021), we also seek to serve these individuals by utilizing our Retail Wealth Management business to deepen our relationships with them for the long-term. We believe that our ability to offer an integrated approach to an individual customer's entire financial picture, while saving for or living in retirement, presents a compelling reason for our Workplace Retirement Plans participants to use us as their principal investment and retirement plan provider. Through our broad range of advisory programs, our financial advisers are provided with a wide set of solutions for our customers for building investment portfolios, including stocks, bonds and mutual funds, as well as managed accounts. These 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 Distribution*

Retail Wealth Management products, financial planning and advisory services are primarily sold to individuals through representatives licensed through VFA, our broker-dealer and investment advisor. The VFA representatives help provide cohesiveness between our Workplace Retirement Plans and Retail Wealth Management businesses and are grouped into two primary categories: field-based and home office phone-based representatives. Field-based representatives are registered sales and investment advisory representatives that drive both fee-based and commissioned sales. They provide face-to-face interaction with individuals seeking retail investment products (e.g., IRA products) as well as financial planning and advisory solutions. Home office phone-based representatives focus on assisting participants in our workplace retirement plans, primarily for our large recordkeeping plans. While these representatives offer more simplified rollover products and advisory services than offered by the field-based representatives, they also provide financial advice that helps customers transition through life stage and job-related changes. A custodial mutual fund IRA product is also sold to individuals by unaffiliated brokers and advisors.

As described above, on June 9, 2021, we completed the Financial Planning Channel Sale. In connection with this transaction, we transferred more than 800 field-based independent financial professionals to Cetera, while retaining approximately 500 field and phone-based financial professionals who support our Wealth Solutions business.

In an effort to develop a path for our VFA representatives to offer holistic retirement planning solutions to participants in our Workplace Retirement Plans, we partner with our workplace clients to engage, educate and advise their employees to 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 include LPL, SagePoint Financial, Kestra, Waddell & Reed, Securities America and Commonwealth.

Our Retail Wealth Management advisory services and product solutions are competitively priced and 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 targeted towards existing workplace retirement plan 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 individual retirement products based on long-term assumptions that include investment returns and operating costs. We establish target returns for each product based upon these factors and the expected amount of regulatory and rating agency capital, to the extent any is required, that we must hold to support these contracts and investment products over their projected lifetime. We monitor and manage pricing and sales mix to achieve target returns. It may take new business several years to become profitable, depending on the nature and life of the product, and returns are subject to variability as actual

results may differ from pricing assumptions. Where we bear investment risk, we seek to mitigate such risk by actively managing both market and credit risks associated with investments and through asset/liability matching portfolio management.

## **Investment Management**

We offer domestic and international fixed income, equity, alternatives and multi-asset products and solutions across market sectors and investment styles through our actively managed, full-service investment management business. Multiple investment platforms are backed by a business support infrastructure that creates operating efficiencies and business leverage and scalability at low marginal cost. As of December 31, 2021, our Investment Management segment managed \$195.1 billion for third-party institutional and individual investors (including third-party variable annuity-sourced assets), \$30.7 billion in separate account assets for our other businesses and \$38.0 billion in general account assets. We also offer a range of privates and alternative asset solutions across fixed income and alternative investment products with AUM of \$79.7 billion for such privates and alternatives products. Upon closing of the Individual Life Transaction on January 4, 2021, \$26 billion of assets (measured on a market value basis) moved from the general account to third-party AUM. External client assets are managed through our appointment as investment manager. Voya IM's mandate covers approximately 80% of these assets for a minimum term of two years following the closing of the Individual Life Transaction, grading down to at least approximately 30% by the sixth year. See "—Organizational History and Structure—Individual Life Transaction".

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. Investment Management is committed to meeting increasing demands of clients, shareholders and stakeholders with respect to ESG investment issues while continuing to focus upon our adaptive, research-driven investment practices. In evaluating existing and potential investments, we consider material factors, including the integration of ESG factors, as appropriate, to determine whether any or all of those factors might have a material effect on the value, risks, or prospects of an investment opportunity over time.

Through our institutional distribution channel and our Voya-affiliate businesses, 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. 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 are typically 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 Wealth Solutions segment. Investment Management also receives fees as the primary investment manager of our general account, which is managed on a market-based pricing basis. Finally, Investment Management generates revenues from a portfolio of capital investments. Investment Management generated Adjusted operating earnings before income taxes of \$239 million for the year ended December 31, 2021.

The success of our platform begins with providing our clients continued strong investment performance. In addition to investment performance, our focus is on client "solutions" and income and outcome-oriented products which include target date funds. We expect that both our traditional and privates and alternatives capabilities, leveraging strong investment performance combined with superior client service, will result in AUM growth.

Other key strategic initiatives for growth include continued focus on privates and alternatives capabilities: improved distribution productivity, leveraging partnerships with financial intermediaries, consultants and our leading market position in our Wealth Solutions segment; opportunistic launching of capital markets products such as collateralized loan obligations ("CLOs") and prudent expansion of our private equity business.

## **Products and Services**

Investment Management delivers products and services that are manufactured through our traditional, private asset and alternative investment capabilities. The traditional platforms are fixed income, equities and multi-asset strategies and solutions ("MASS"). Our private asset and alternative capabilities include investment strategies such as private equity, private credit (investment grade and high yield), commercial mortgage loans, mortgage derivatives, leveraged credit and CLOs.

*Fixed Income.* Investment Management's fixed income platform manages assets for domestic and international institutional investors, retail investors and our general account. As of December 31, 2021, there was \$183.1 billion in AUM on the fixed

income platform, of which \$38.0 billion were general account assets. Through the fixed income platform, clients have access to public fixed income strategies including money market funds, investment-grade corporate debt, government bonds, residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), asset-backed securities ("ABS"), and high yield bonds. Our private fixed income capabilities include private and syndicated debt instruments, leveraged credit, structured products (e.g., CLOs), 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, 2021, there were \$62.9 billion in AUM on the equities platform covering both domestic and international markets. Our fundamental equity capabilities are bottom-up and 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.

*Alternatives.* Investment Management's largest 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, 2021, Pomona Capital managed assets totaling \$10.5 billion across a suite of limited partnerships and the Pomona Investment Fund, a registered investment fund that is available to accredited investors. In addition, Investment Management's alternatives platform includes privately-placed open-end and closed-end funds, the underlying strategies of which leverage our core private credit and mortgage loan investment capabilities. As of December 31, 2021, there were \$17.8 billion in alternatives AUM.

*MASS.* Investment Management's MASS platform offers a variety of investment products and strategies that combine multiple asset classes using asset allocation techniques. The objective of the MASS platform is to develop customized solutions that meet specific, and often unique, goals of investors that dynamically change 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 Wealth Solutions segment 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.

The following chart presents asset and net flow data as of December 31, 2021, broken out by Investment Management's five investment platforms as well as by major client segment:

	<b>AUM</b>		<b>Net Flows</b>	
	<b>As of</b>		<b>Year Ended</b>	
	<b>12/31/2021</b>		<b>12/31/2021</b>	
	<i>\$ in billions</i>		<i>\$ in millions</i>	
<b>Investment Platform</b>				
Fixed income - Public .....	\$	121.2	\$	5,734.6
Fixed income - Privates .....		61.9		4,352.7
Equities .....		62.9		(5,981.9)
Alternatives .....		17.8		690.6
Total .....	\$	263.8 <sup>(1)</sup>	\$	4,796.0
MASS <sup>(1)</sup> .....		36.0		(1,183.8)
<b>Client Segment</b>				
Retail .....	\$	76.9	\$	(4,278.4)
Institutional .....		148.9		9,074.4
General Account .....		38.0		N/A
Total .....	\$	263.8	\$	4,796.0
Divested Businesses <sup>(2)</sup> .....		58.1		(2,974.0)

<sup>(1)</sup> \$28.2 billion of MASS assets are included in the fixed income, equity and alternatives AUM categories presented above. The balance of MASS assets, \$7.8 billion, is managed by third parties and we earn only a modest, market-rate fee on the assets.

<sup>(2)</sup> Upon closing of the Individual Life Transaction on January 4, 2021, \$26 billion of assets (measured on a market value basis) moved from the general account to external client. The external client assets are managed through our appointment as investment manager. Voya IM's mandate covers approximately 80% of these assets for a minimum term of two years following the closing of the Individual Life Transaction, grading down to at least approximately 30% by the sixth year. See "—Organizational History and Structure—Individual Life Transaction".

N/A - Not applicable

### **Markets and Distribution**

We serve our institutional clients through a dedicated sales and service platform and for certain international regions, through selling agreements with a former affiliated party and for sponsored structured products through the arranger. We serve individual investors through an intermediary-focused distribution platform, consisting of business development and wholesale forces that 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 and certain structured products, 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:* Registered open- and closed-end funds and Separately Managed Accounts through affiliate and third-party distribution platforms, including warehouses, brokerage firms, registered investment advisors, banks, trust companies and independent and regional broker-dealers. As of December 31, 2021, total AUM from these channels was \$76.9 billion. Included in our retail client segment is \$19.9 billion of AUM managed on behalf of our divested businesses of December 31, 2021.
- *Institutional client segment:* Individual and pooled accounts, targeting defined benefit, defined contribution recordkeeping and retirement plans, Taft Hartley plans and endowments and foundations. As of December 31, 2021, Investment Management had approximately 309 institutional clients, representing \$148.9 billion of AUM primarily in separately managed accounts and collective investment trusts.

### **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 include insurance-owned asset managers such as Principal Global Investors (Principal Financial Group), Prudential and Ameriprise and bank-owned asset managers such as "pure-play" asset managers including Invesco, T. Rowe Price, and Franklin Templeton.

## **Health Solutions**

Our Health Solutions segment provides group insurance products to mid-size and large corporate employers and professional associations. In addition, our Health Solutions segment serves the employer market by providing payroll-deduction products to employees of our clients. Our Health Solutions segment is among the largest writers of stop loss coverage in the United States, currently ranking fourth among third-party carriers on a premium basis with approximately \$1,181 million of in-force premiums. We also rank fifth in our supplemental health benefits markets offering and are a top 15 provider of group life. As of December 31, 2021, Health Solutions total in-force premiums were \$2.5 billion.

The Health Solutions 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 Health Solutions segment generated Adjusted operating earnings before income taxes of \$204 million for the year ended December 31, 2021.

Our Health Solutions segment offers attractive growth opportunities. For example, 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 overall loss ratios to below 73%.

### ***Products and Services***

Our Health Solutions segment offers stop loss insurance, voluntary benefits, and group life and 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.

*Voluntary Benefits.* Our voluntary benefits business involves the sale of whole life insurance, critical illness, accident and hospital indemnity insurance, while also servicing universal life insurance policies. This product lineup is mostly employee-paid through payroll deduction.

*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. These products offer employees guaranteed issue coverage, convenient payroll deduction, affordable rates and conversion options.

*Health Account Solutions.* This product line involves the sale of health savings accounts, flexible spending accounts and health reimbursement arrangements, commuter and dependent care benefits, COBRA administration and direct billing services.

*Group Disability.* Group disability includes group long term disability, 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. We also provide leave administration services. We partner with DisabilityRMS to reinsure 100% of our group disability and leave administration.



The following chart presents the key Health Solutions products we offer, along with data on annualized in-force premiums for each product:

*(\$ in millions)*

<b>Health Solutions Products</b>	<b>Annualized In-Force Premiums</b>	
	<b>Year Ended December 31, 2021</b>	
Stop Loss .....	\$	1,181
Voluntary Benefits .....		559
Group Life .....		572
Group Disability .....		180

### ***Markets and Distribution***

Our Health Solutions 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 voluntary 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. In addition, we market stop-loss coverage to employer sponsors of self-funded employee health benefit plans. Our breadth of distribution gives us access to employers and their employees and the products to meet their needs.

The following chart presents our Health Solutions distribution, by channel:

*(\$ in millions)*

<b>Channel</b>	<b>Sales</b>	<b>% of Sales</b>
	<b>Year Ended December 31, 2021</b>	<b>Year Ended December 31, 2021</b>
Brokerage (Commissions Paid) .....	\$ 394	66.5 %
Benefits Consulting Firms (Fee Based Consulting) .....	194	32.7 %
Worksite Sales .....	5	0.8 %

### ***Competition***

The group insurance market is mature and, due to the large number of participants in this segment, price and service are important competitive drivers. Our principal competitors include Tokio Marine HCC (formerly Houston Casualty), Symetra and Sun Life in Stop Loss, Cigna, Aetna and Aflac in voluntary benefits and MetLife, New York Life and Unum in group life.

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. Pricing for our group disability products is determined by our partner, DisabilityRMS, and we assume no underwriting risk in connection with such products.

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 Health Solutions 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. As of January 1, 2021, Excess Stop Loss has a reinsurance program in place that limits our exposure on any one specific claim to \$4.5 million, with aggregate stop loss reinsurance that limits our exposure to \$4.5 million over the Policyholder's Aggregate Excess Retention. For policies issued in 2020 and 2019, the limits on any one specific claim are \$4.0 million and \$3.5 million, respectively. For 2020 and 2019 circumstances, there is aggregate stop loss reinsurance that limits our exposure to \$4.0 million and \$3.5 million, respectively, 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 Health Solutions segment.

### **Individual Life**

As described under "—Organizational History and Structure—Individual Life Transaction", on January 4, 2021, we completed a transaction to dispose of substantially all of our individual life business and related assets. As a part of the Individual Life Transaction, we also transferred a significant portion of our remaining annuities business previously managed in Corporate. See also Overview in the Management's Discussion and Analyses section in Part II, Item 7. of this Annual Report on Form 10-K for further information.

### **Human Capital Resources**

Voya is a purpose-driven company with a culture, a brand, and an operating discipline that has established us as a leader in our industry. Through our human capital strategy, we attract, retain and reward talent across our enterprise in support of our mission to help all Americans retire better. We have prioritized our efforts to build and maintain a diverse, inclusive and safe workplace, with opportunities for our employees to grow and develop in their careers, supported by competitive compensation, benefits and health and wellness programs. Outside of Voya, we have and continue to build connections between our employees and the communities in which they live and serve through support of employee volunteerism and giving.

As of December 31, 2021, we had approximately 6,000 employees, 99% of which are full-time and US-based. Our primary office locations are in New York, NY; Windsor, CT; Des Moines, IA; Minneapolis, MN; Atlanta, GA; Braintree MA, Scottsdale, AZ, and Chandler, AZ. As part of our post-COVID strategy, we have shifted from 20% of our workforce was fully remote to approximately 51% of our workforce as fully remote and approximately 46% as hybrid - working remotely or in an office location some portion of their time.

### ***Diversity and Inclusion***

Our differences make us stronger. We are committed to fostering a work environment where the differences that we are born with — and those we acquire and choose throughout our lives — are understood, valued and intentionally pursued. Purposefully bringing our differences together to positively influence our culture, service our clients and enrich our communities is essential to our vision to be America's Retirement Company. Of our approximately 6,000 employees, females or people of color represent 64% of the workforce. Our 9 member Board of Directors is 56% diverse (four females and two persons of color). Our 11 member Executive Committee is 45% diverse (three females and two persons of color). 3% of our workforce self-identifies as members of the disabled/special needs community.

### ***Talent Management & Development***

We believe superior human capital management is a key component to a high level of corporate performance. We are differentiated by our talent review process, leadership development, succession planning, mentoring programs, performance management process, coaching and feedback.

Because we are committed to developing employees, we maintain robust learning programs through Voya's Learning Center to help employees develop as they advance their careers and/or transition into different roles within Voya.

## ***Total Rewards***

Our Total Rewards offering is made up of the entire employee experience. It is delivered in the form of direct compensation (base salary, annual and/or long-term incentives), company-sponsored benefits (retirement savings; health and welfare plans; paid time off; and work-life balance programs) and development opportunities. We provide a robust Total Reward offering that is market-competitive and equitable in order to attract, retain, and motivate a talented and diverse workforce.

## ***Corporate Responsibility***

Each of our approximately 6,000 employees carries out the work encompassed by our corporate values. These values reflect our belief that we all have a role to play in fulfilling our mission: To make a secure financial future possible — one person, one family, one institution at a time. We are equally committed to conducting business in a way that is ethically, economically, socially and environmentally responsible.

## **REGULATION**

Our operations and businesses are subject to a significant number of Federal and state laws, regulations, and administrative determinations. Following is a description of certain legal and regulatory frameworks to which we or our subsidiaries are or may be subject.

Voya Financial, Inc. is a holding company for all of our business operations, which we conduct through our subsidiaries. Voya Financial, Inc. is not licensed as an insurer, investment advisor or broker-dealer but, 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.

As of December 31, 2021, we had two principal insurance subsidiaries, VRIAC and RLI (which we refer to collectively as our "Principal Insurance Subsidiaries") which are domiciled in Connecticut and Minnesota, respectively. Effective January 4, 2021, our former subsidiary SLD was divested as part of the Individual Life Transaction, as was our former insurance subsidiary domiciled in Indiana. Our remaining U.S. insurance subsidiaries domiciled in Connecticut, 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.

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 developed by regulators to monitor and regulate the solvency of insurance companies and their ability to pay current and future policyholder obligations. The NAIC has approved these uniform statutory accounting principles ("SAP") which have in turn been adopted, in some cases with minor modifications, by all state insurance regulators.

Our insurance subsidiaries are subject to periodic financial examinations and other inquiries and investigations by their respective domiciliary state insurance regulators and other state law enforcement agencies and attorneys general.

### ***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.

*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 affect 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.

*NAIC Regulations.* The current insurance holding company model act and regulations (the "NAIC Regulations"), versions of which have been adopted by our insurance subsidiaries' domicile states, 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 Regulations 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 Regulations.

The NAIC's "Solvency Modernization Initiative" 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 resulted in the adoption by the NAIC, and our insurance subsidiaries' domicile states, of the Risk Management and Own Risk and Solvency Assessment Model Act ("ORSA"). 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. In accordance with statutory requirements, Voya Financial regularly prepares and submits ORSA summary reports. This initiative also resulted in the adoption by the NAIC and several of our insurance subsidiary domiciliary regulators of the Corporate Governance Annual Filing Model Act, which requires insurers, including Voya Financial, to make an annual confidential filing regarding their corporate governance policies.

*Dividend Payment Restrictions.* As a holding company with no significant business operations of our own, we 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.

For a summary of ordinary dividends and extraordinary distributions paid by each of our Principal Insurance Subsidiaries to Voya Financial or Voya Holdings in 2020 and 2021, and a discussion of ordinary dividend capacity for 2022, 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".

### ***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 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.

*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, 2021, the Total Adjusted Capital of each of our insurance subsidiaries exceeded statutory minimum RBC levels that would require any regulatory or corrective action.

Effective December 31, 2021, the NAIC adopted changes to the RBC requirements for certain investment portfolio assets. The changes led to an expansion in the number of NAIC asset class categories for factor-based RBC requirements and the adoption of new factors, which increased capital requirements on some securities and decreased capital requirements on others. In connection with this change, we have lowered our target RBC ratio to 375%.

*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.

We do not anticipate regulatory action as a result of our 2021 IRIS ratio results. In all instances in prior years, regulators have been satisfied upon follow-up that no regulatory action was required.

*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.

### ***Cybersecurity Regulatory Activity***

The NAIC, numerous state and federal regulatory bodies and self-regulatory organizations like FINRA are focused on cybersecurity standards both for the financial services industry and for all companies that collect personal information, and have proposed and enacted legislation and regulations, and issued guidance regarding cybersecurity standards and protocols. These laws and regulations constantly evolve and remain subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain.

In response to the growing threat of cyberattacks in the insurance industry, certain jurisdictions have begun to consider new cybersecurity measures, including the adoption of cybersecurity regulations. On October 24, 2017, the NAIC adopted its Insurance Data Security Model Law (the "Model Law"), intended to serve as model legislation for states to enact in order to govern cybersecurity and data protection practices of insurers, insurance agents, and other licensed entities registered under state insurance laws. These laws are designed to ensure that licensees of the Department of Insurance in these states have strong and aggressive cybersecurity programs to protect the personal data of their customers. Alabama, Connecticut, Delaware, Indiana, Iowa, Louisiana, Maine, Michigan, Mississippi, New Hampshire, North Dakota, Ohio, South Carolina and Virginia have adopted versions of the Model Law, each with a different effective date, and other states may adopt versions of the Model Law in the future. In February 2017, the New York Department of Financial Services ("NYDFS") issued final Cybersecurity Requirements for Financial Services Companies that is not based on the Model Law, that requires banks, insurance companies, and other financial services institutions regulated by the NYDFS, including us, to establish and maintain a comprehensive cybersecurity program "designed to protect consumers and ensure the safety and soundness of New York State's financial services industry". NYDFS's Cybersecurity Requirements specifically provide for: (i) controls relating to the governance framework for a cybersecurity program; (ii) risk-based minimum standards for technology systems for data protection; (iii) minimum standards for cyber breach responses, including notice to the NYDFS of material events; and (iv) identification and documentation of material deficiencies, remediation plans and annual certification of regulatory compliance with the NYDFS.

During 2022, we expect cybersecurity risk management, prioritization and reporting to continue to be an area of significant focus by governments, regulatory bodies and self-regulatory organizations at all levels.

### ***Securities Regulation Affecting Insurance Operations***

Certain of our insurance subsidiaries sell group variable annuities and have sold variable life insurance 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. Federal legislation and administrative policies in several areas can significantly affect insurance companies. These areas include federal 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.

### ***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.

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.

### ***Department of Labor Rule Regarding Fiduciaries***

In June 2020, the Department of Labor (“DOL”) adopted a revised interpretation to the five-part test to determine investment advice fiduciary status under Title I of ERISA. In December 2020, the DOL adopted a prohibited transaction exemption that, subject to meeting certain requirements, will allow investment advice fiduciaries to receive compensation that might not otherwise be considered an ERISA prohibited transaction. We do not believe compliance with the fiduciary interpretation or the prohibited transaction exemption will have a material impact on us. We anticipate other state and federal regulators may follow with their own rules applicable to investment recommendations relating to other separate or overlapping investment products and accounts, such as insurance products and retirement accounts. If these additional rules are more onerous than Regulation BI and DOL rules, or do not coordinate with Regulation BI and DOL rules, the impact on us could be more substantial.

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

Our variable insurance 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 as well as state law. 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.

### **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.

As registered broker-dealers and members of various self-regulatory organizations, our registered broker-dealer subsidiaries are subject to the SEC's 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 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. 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.

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.

In June 2019, the SEC approved a new rule, Regulation Best Interest ("Regulation BI") and related forms and interpretations. Among other things, Regulation BI applies a "best interest" standard to broker-dealers and their associated persons, including our retail broker-dealer, Voya Financial Advisors, when they make securities investment recommendations to retail customers. Compliance with Regulation BI was required beginning June 30, 2020. We do not believe ongoing compliance with Regulation BI will have a material impact on us.

### **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 contracts 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").

### **Trust Activities Regulation**

Voya Institutional Trust Company ("VITC") and Voya Investment Trust Co. ("VINTCO"), are each trust subsidiaries chartered by the Connecticut Department of Banking and subject to its regulation, supervision and examination. Neither entity is permitted to accept deposits (other than incidental to trust or custodial activities). VITC's activities are primarily to serve as trustee or custodian for retirement plans or IRAs, and VINTCO's activities are primarily to serve as trustee for and manage various collective and common trust funds. VINTCO is also subject to state fiduciary duty laws, and the collective trust funds it manages are generally subject to ERISA.

### **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*

We are subject to laws, regulations and directives that require financial institutions and other businesses to protect the security and confidentiality of personal information, including health-related and customer information, and to notify their customers and other individuals of their policies and practices relating to the collection, use, and disclosure of health-related customer information. In addition, we must comply with international privacy laws, regulations and directives concerning the cross-border transfer or use of employee and customer personal information. These laws, regulations and directives also:

- provide additional protections regarding the use and disclosure of certain information such as national identification numbers (e.g., social security numbers);
- require notice to affected individuals, law enforcement, regulators and others if there is a breach of the security of certain personal information;
- require financial institutions to implement effective programs to detect, prevent, and mitigate identity theft;
- regulate the ability of financial institutions to make telemarketing calls and send e-mail, text or fax messages to consumers and customers;
- require oversight of third parties that have access to, and handle, personal information; and
- prescribe the permissible uses of certain personal information, including customer information and consumer report information.

Some countries have also instituted laws requiring in-country data processing and/or in-country storage of the personal data of its citizens. Compliance with such laws could result in higher technology, administrative and other costs for us and could affect how products and services are offered or require us to structure our businesses, operations and systems in less efficient ways.

Certain of our activities are subject to the privacy regulations of the Gramm-Leach-Bliley Act of 1999 (the “GLBA”), along with its implementing regulations, which restricts certain collection, processing, storage, use and disclosure of personal information, requires notice to individuals of privacy practices, provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information and imposes requirements for the safeguarding and proper destruction of personal information through the issuance of data security standards or guidelines.

We are subject to numerous state laws governing the protection of personal and confidential information of our clients or employees, including the NYDFS Cybersecurity Regulation which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. We are subject to certain other states cybersecurity standards, including in states that have adopted the NAIC Insurance Data Security Model Law. For more information, see “—Cybersecurity Regulatory Activity.”

We are also subject to California law, including the California Consumer Privacy Act of 2018 (“CCPA”), which became effective January 1, 2020. The CCPA established a privacy framework for covered businesses which collect and process the personal information of California consumers. It includes a broad definition of personal information, affords California residents certain individual rights of access and deletion regarding their personal data, and limits the “sale” of such information, which is also broadly construed to include making personal information available to third parties for valuable consideration. The CCPA established potentially severe statutory damages for businesses that fail to implement reasonable security measures to protect against breaches of personal information, and includes a broad private right of action available to affected consumers. The CCPA excludes data subject to the GLBA; however, this is not an entity-wide exception. The breach of California consumers’ personal data, to the extent it involves data not covered by GLBA, represents a significant risk of liability.

Moreover, the legal landscape relating to data privacy and data protection is quickly evolving, which may increase operational and compliance costs associated with new or amended laws and regulations. For instance, since the CCPA was enacted in 2018, the California Attorney General has issued several draft implementing regulations, including following the CCPA coming into force in 2020. In November 2020, the California Privacy Rights Act (the “CRPA”) was approved by California voters to amend the CCPA and to establish a new data protection authority, the California Privacy Protection Agency, authorized to promulgate new data protection regulations. Adapting our business and practices to the CCPA, as amended by the CPRA, and any forthcoming regulations, may be burdensome and could involve substantial additional or diverted resources.

More broadly, the General Data Protection Regulation (“GDPR”) which regulates data protection for all individuals within the European Union (“EU”), including foreign companies processing data of EU residents, became effective on May 25, 2018 and applies to all of our subsidiaries operating in the EU. The U.K. has also implemented the GDPR (the “U.K. GDPR”). The GDPR and the U.K. GDPR set out a number of requirements that must be complied with when handling the personal data of such EU and U.K. based data subjects respectively including: the obligation to appoint data protection officers in certain

circumstances; new rights for individuals to be “forgotten” and rights to data portability; the principal of accountability and the obligation to make public notification of significant data breaches. The GDPR and the U.K. GDPR include restrictions on transfers outside the U.K. and the European Economic Area (including Switzerland) and the requirement to include specific data protection provisions in agreements with data processors. The GDPR and the U.K. GDPR enhance individuals’ rights, introduces complex and far-reaching company obligations and increases penalties significantly in case of violation. The interpretation and application of data protection laws in the U.S., Europe and elsewhere are developing and are often uncertain and in flux. The introduction of the U.K. GDPR and the GDPR, and any resultant changes in U.K. or EU member states’ national laws and regulations, may increase our compliance obligations and costs and may necessitate the review and implementation of policies and processes relating to our collection and use of data. It is possible that these laws or cybersecurity regulations may be interpreted and applied in a manner that is inconsistent with our data protection or security practices.

On October 21, 2019, the NAIC formed a Privacy Protections Working Group to review state insurance privacy protections regarding the collection, use and disclosure of information gathered in connection with insurance transactions. During its meeting on July 30, 2020, the Privacy Protections Working Group indicated that it would begin a gap analysis of existing privacy protections in order to identify differences in coverage between different privacy regimes, focusing on consumer issues, industry obligations, and regulatory enforcement. The Privacy Protections Working Group continues to work on this gap analysis, which could result in recommended changes to certain NAIC model laws and regulations related to privacy.

Additionally, we are subject to the terms of our privacy policies and privacy-related obligations to third parties. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which could include personally identifiable information or other user data, may result in governmental or regulatory investigations, enforcement actions, regulatory fines, compliance orders, litigation or public statements against us by consumer advocacy groups or others, and could cause consumers to lose trust in us, all of which could be costly and have an adverse effect on our business. In addition, new and changed rules and regulations regarding privacy, data protection (in particular those that impact the use of machine intelligence) and cross-border transfers of consumer information could cause us to delay planned uses and disclosures of data to comply with applicable privacy and data protection requirements. For example, our use of certain vendors outside of the United States to perform services on our platform could subject us to additional data protection regimes and increased risk of noncompliance. Moreover, if third parties that we work with violate applicable laws or our policies, such violations also may put personal information at risk, which may result in increased regulatory scrutiny.

### ***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.

### **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](http://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](http://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 is a summary of the more important factors that could affect our business, sales, revenues, AUM, reputation, results of operation, liquidity, profitability or financial condition.

- Conditions in the global capital markets and the economy.
- The COVID-19 pandemic.
- Adverse capital and credit market conditions and the cost of credit and capital.
- The level of interest rates and in particular the continuation of the low interest rate environment or a period of rapidly increasing interest rates.
- The expected replacement of LIBOR and related reforms.
- A downgrade or a potential downgrade in our financial strength or credit ratings.
- Our ability to increase or maintain our market share in highly competitive markets.
- The adequacy of our risk management policies and procedures, including hedging programs.
- The inability of counterparties to meet their financial obligations.
- Requirements to post collateral or make payments related to changes in market value of specified assets.
- The diminishment in value of our invested assets and the investment returns credited to customers.
- The relative illiquidity of some of our investments as well as significant market valuation fluctuations of certain asset classes.
- Market and behavior risks associated with our CMO-B portfolio.
- The complexity of our products and services and the reliance on intermediaries to properly perform services and not misrepresent our products or services.
- The alteration of terms of our asset management agreements, termination of such agreements, or failure to realize certain performance hurdles.
- Inherent uncertainty in various methodologies, estimations and assumptions that we use to value our investments.
- Risks associated with our participation in a securities lending program and a repurchase program.
- Differences between actual policy experience and pricing, reserving or actuarial assumptions.
- Unfavorable developments in interest rates, credit spreads and policyholder behavior related to our stable value products, and the ability of our hedge program and risk mitigation features to offset potential consequences.
- Potential acceleration of the amortization of DAC, DSI and/or VOBA.
- Credit risk associated with reinsurance, as well as its general availability, affordability or adequacy.
- 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.
- A concentration of our institutional funding with two Federal Home Loan Banks.
- Any failure to protect the privacy and confidentiality of customer information.
- Interruption or other operational failures in telecommunication, information technology and other operational systems, including as a result of human error.
- A failure to maintain the security, integrity, confidentiality or privacy of our telecommunication, information technology and other operational systems, or the sensitive data residing on such systems.
- Changes in accounting standards.
- Potential requirements to reduce the carrying value of our deferred income tax asset or establish an additional valuation allowance against the deferred income tax asset.
- Potential limitations on our ability to use certain beneficial deferred tax assets.
- Adverse publicity or increased governmental and regulatory actions with respect to us, other well-known companies or the financial services industry in general.
- Litigation or potential litigation.

- A loss of, or significant change in, key product distribution relationships.
- The occurrence of natural or man-made disasters.
- Potential difficulties arising from outsourcing relationships.
- The application of regulations governing our businesses and those of our affiliates, as well as changes in such regulation.
- The application of regulations governing our insurance businesses in particular, as well as changes in regulation, enforcement actions and regulatory investigations.
- The regulation of our products, and failure to meet any of the complex product requirements.
- Changes in tax laws and interpretations of existing tax law.
- The dependence of Voya Financial, Inc. and Voya Holdings on the ability of their subsidiaries to transfer funds to them to meet their obligations.

## **Risks Related to Our Business**

### ***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, and are vulnerable to general economic disruption, decreases in asset prices, increases in market volatility and reductions in the availability of credit. In 2020, the economic dislocation created by the COVID-19 pandemic created many of these conditions, at least temporarily, and some such conditions, in particular high unemployment and historically low interest rates, have persisted into 2021. See Risk Factor "The COVID-19 pandemic has had, and is likely to continue to have, adverse effects on our financial condition and results of operations".

Although we carry out business almost exclusively in the United States, we are affected by both domestic and international macroeconomic developments. Volatility and disruptions in financial markets, including global capital markets, can have an adverse effect on our investment portfolio, and our liabilities are sensitive to changing market factors. Factors including, but not limited to, geopolitics and political uncertainty, interest rates, credit spreads, equity prices, derivative prices and availability, real estate markets, exchange rates, the volatility and strength of the capital markets, and deflation and inflation, all affect our financial condition. Disruptions in one market or asset class can also spread to other markets or asset classes. Upheavals in the financial markets can also affect our financial condition (including our liquidity and capital levels) as a result of impacts, including diverging impacts, on the value of our assets and our liabilities.

Even in the absence of a market downturn, our Wealth Solutions, investment and insurance 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.

To the extent that any of the foregoing risks were to emerge in a manner that adversely affected general economic conditions, financial markets, or the markets for our products and services, our financial condition, liquidity, and results of operations could be materially adversely affected.

### ***The COVID-19 pandemic has had, and is likely to continue to have, adverse effects on our financial condition and results of operations.***

Many businesses around the world, including ours, have been significantly affected by the global outbreak of COVID-19 disease. Since March 2020, when the disease first became widespread, global financial markets have experienced periods of extreme volatility. These market events, which include a significant drop in equity prices in the early spring followed by a recovery in the second and third quarters, declines in U.S. Treasury yields and distress in certain credit market sectors such as energy, real estate, transportation and retail, have adversely affected our 2020 financial results and are likely to continue to have adverse effects on our business. These future adverse effects, which could be material, may include:

- Increased impairments or credit rating downgrades within our general account portfolio, which could consume our excess capital and reduce the dividend capacity of our insurance subsidiaries. Although we currently believe that we have adequate liquidity for the foreseeable future, if our asset portfolio were to experience a material amount of impairments or ratings downgrades, we might require additional statutory capital within our insurance subsidiaries and

would need to consider additional steps to preserve liquidity at our holding company, including reducing or eliminating planned share buybacks or our common stock dividend;

- Reductions in the carrying value of our deferred tax assets as a result of a need to establish an additional valuation allowance against such assets, which would decrease GAAP equity and increase our leverage ratios, and could also affect the statutory surplus of our insurance subsidiaries if there is a reduction in the statutory carrying value of our deferred tax asset admitted for statutory purposes; such an increase in our leverage ratio could result in increased scrutiny by insurance regulators and rating agencies;
- Declines in fee revenues from lower AUM/AUA and plan participant counts, as a result of increased unemployment and furloughs, lower asset prices, suspensions or reductions in participant plan deposits or employer matching contributions, and an increase in plan loans and withdrawals;
- Reduced premium revenues in our Health Solutions business due to increased unemployment;
- Decreased spread-based revenues due to lower interest rates;
- Material harm to the financial condition of our reinsurers, which would increase the probability of default on reinsurance recoveries;
- A decline in fund management carried interests and performance fees in our Investment Management business; and
- Reduced sales levels due to decreased RFP activity or delayed decision making by our clients or prospective clients.

In addition, underwriting income in our Health Solutions business will be adversely affected to the extent that mortality claims for group life policies, or medical expense claims under voluntary benefit or stop loss policies, exceed the related reserves and deductibles. Accordingly, to the extent that COVID-19 leads to a material increase in overall mortality or medical expense among our insured population, our financial results will be adversely affected, and those effects could be material.

We have also faced, and are likely to continue to face, disruption of our normal business operations, including the ability to interact with existing or potential clients. While most states have lifted their restrictions requiring mandatory business shutdowns and stay-at-home orders, the resurgence and persistence of new infections and variants in many U.S. states has slowed the reopening of the U.S. economy. Although our business has been deemed an essential service in most or all jurisdictions in which we operate, the vast majority of our employees have been working from home since March 2020. While our work from home arrangements have not created any significant problems, if such problems were to arise in the future, such that significant portions of our workforce are unable to work remotely in an effective manner, the impact of COVID-19 on our business could be exacerbated. Further, while the ability to impose federal vaccine mandates has been curtailed by the U.S. Supreme Court, we continue to be subject to various state and local mandates that would require at least a portion of our U.S. employees to be vaccinated, which could potentially impact our workforce.

In addition, our business process and IT operations depend to a significant extent on outsourcing providers and a joint venture based in India, which has experienced periodic lockdowns in several cities. Although our joint venture operations did not experience any notable disruptions from a transition to work-from-home, several of our outsourcing providers have experienced difficulty in moving their employee bases to a work-from-home arrangement. While these difficulties have not yet materially interfered with our business operations, there is a risk of future disruptions, particularly if India experiences further disruptions to economic activity due to COVID-19.

The transition to work-from-home also increases vulnerabilities to cybersecurity threats and other fraudulent activities. Although we are remaining vigilant on this issue and have not experienced any significant incidents, we are expending a substantial amount of resources to defend against potential attacks, which may occur while in this state of heightened risk.

The extent to which COVID-19 will continue to negatively affect our business operations, potentially in a material manner, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, macroeconomic conditions, the continued effectiveness of our business continuity plan (including work-from-home arrangements and staffing in operational facilities), the direct and indirect impact of the pandemic on our employees, clients, counterparties and service providers, as well as other market participants, and actions taken by governmental authorities and other third parties in response to the pandemic.

***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 would be forced to curtail our operations, our ability to manage our capital structure would be adversely affected, and our business would suffer.

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

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 tandem 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 coincide with a change to our long-term view of the interest rates. Such a change in our view would cause us to further change the long-term interest rate assumptions in our calculation of insurance assets and liabilities under U.S. GAAP. Any future revision would result in increased reserves, accelerated amortization of DAC and other unfavorable consequences, which would be incremental to those consequences recorded in connection with the most recent revision. 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 low interest rate environment would negatively affect our financial performance.

Conversely, 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. A decrease in the estimated fair value of our investment portfolio would result in a reduction in GAAP equity and an increase in our leverage ratios. An increase in market interest rates could also create increased collateral posting requirements 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 expense and reduce our results of operations.

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.

***The expected replacement of the London Interbank Offered Rate ("LIBOR") and replacement or reform of other interest rates could adversely affect our results of operations and financial condition.***

Central banks throughout the world, including the Federal Reserve, have commissioned working groups of market participants and official sector representatives with the goal of finding suitable replacements for LIBOR and replacements or reforms of other interest rate benchmarks, such as EURIBOR and EONIA (the "IBORs"). It is expected that a transition away from the widespread use of such rates to alternative rates based on observable market transactions and other potential interest rate benchmark reforms will occur over the next several years. For example, the Financial Conduct Authority ("FCA"), which regulates LIBOR, has announced that it has commitments from panel banks to continue to contribute to LIBOR through the end of 2021, but that it will not use its powers to compel contributions beyond such date. Accordingly, there is considerable uncertainty regarding the publication of LIBOR beyond 2021.

On April 3, 2018, the Federal Reserve Bank of New York commenced publication of three reference rates based on overnight U.S. Treasury repurchase agreement transactions, including the Secured Overnight Financing Rate, which has been recommended as an alternative to U.S. dollar LIBOR by the Alternative Reference Rates Committee. Further, the Bank of England is publishing a reformed Sterling Overnight Index Average, consisting of a broader set of overnight Sterling money market transactions, which has been selected by the Working Group on Sterling Risk-Free Reference Rates as the alternative rate to Sterling LIBOR. Central bank-sponsored committees in other jurisdictions, including Europe, Japan and Switzerland, have, or are expected to, select alternative reference rates denominated in other currencies.

The market transition away from IBORs to alternative reference rates is complex and could have a range of adverse impacts including potentially systemic disruptions to the financial markets generally, as well as adverse impacts to our results of operations and financial condition. In particular, any such transition or reform could:

- Adversely impact the pricing, liquidity, value of, return on, and trading for a broad array of financial products, including any IBOR-linked securities, loans and derivatives that are included in our financial assets and liabilities;
- Result in disputes, litigation or other actions with counterparties regarding the interpretation and enforceability of provisions in IBOR-based products such as fallback language or other related provisions, including in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between the IBORs and the various alternative reference rates; and
- Require the transition and/or development of appropriate systems and analytics to effectively transition our risk management processes from IBOR-based products to those based on one or more alternative reference rates in a timely manner, including by quantifying a value and risk for various alternative reference rates, which may prove challenging given the limited history of the proposed alternative reference rates.

Further, to the extent that any of our contracts contain pre-cessation fallback triggers tied to such an event, any or all of the risks noted above could be accelerated in the event that an IBOR-regulating authority such as the UK FCA announces that LIBOR (or any other IBOR) is no longer "representative" prior to the planned cessation in 2021.

Depending on several factors including those set forth above, our results of operation and financial condition could be adversely affected by the market transition or reform of certain benchmarks. Other factors include the pace of the transition to replacement of reformed rates, the specific terms and parameters for and market acceptance of any alternative reference rate, prices of and the liquidity of trading markets for products based on alternative reference rates, and our ability to transition and develop appropriate systems and analytics for one or more alternative reference rates.

***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.***

We are currently subject to periodic review by independent credit rating agencies S&P, Moody's, Fitch and A.M. Best, each of which currently maintain an investment grade rating with respect to us. Our ability to obtain secured or unsecured debt financing and our cost of secured or unsecured debt financing is dependent, in part, on our credit ratings. Maintaining our credit ratings depends in part on strong financial results and in part on other factors, including the outlook of the rating agencies on our sector and the market generally. A credit rating downgrade could negatively impact our ability to obtain secured or unsecured financing and increase borrowing costs.

Financial strength ratings, which various rating organizations publish as a measure of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintain public confidence in our products, the ability to market our products and our competitive position. A downgrade in our financial strength ratings, or the announced potential for a downgrade, could have a significant adverse effect on our financial condition and results of operations in many ways, including: (i) reducing new sales of insurance and annuity products and investment products; (ii) adversely affecting our relationships with our advisors and third-party distributors of our products; (iii) materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders; (iv) requiring us to reduce prices for many of our products and services to remain competitive; and (v) adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance.

In addition, rating agencies may implement changes to their capital models that may favorably or unfavorably affect our ratings.

We cannot assure you that these ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn. Ratings are not a recommendation to buy, sell or hold any security, and each agency's rating should be evaluate independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could increase our corporate borrowing costs and limit our access to the capital markets, which could adversely impact our financial results.

***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. 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. 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. 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 and financial condition 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 accurately, 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.

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 protect 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. 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.

***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. Actual or anticipated changes or downgrades in counterparty credit ratings, including any announcement that such ratings are under review for a downgrade, could increase our corporate borrowing costs and limit our access to the capital markets, which could adversely impact our financial results.

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, 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. 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.

***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 risk factor "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 or other obligations that serve as

collateral underlying the mortgage- or asset-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 shape of 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. In some cases, these interests may be leveraged with third-party debt financing. Any decrease in the value of such investments could negatively affect our revenues and income or subject us to losses.

Our investment performance is critical to the success of our investment management and related services business, as well as to the profitability of our retirement and insurance 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 of existing assets, 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. Reported values of our relatively illiquid types of investments do not necessarily reflect the current market prices of the asset. 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.

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." Our CMO-B portfolio consists 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, inverse interest-only securities and Agency Credit Risk Transfer securities. The CMO-B portfolio is subject to a number of market and behavior risks, including interest rate risk, prepayment risk, and delinquency and default risk associated with Agency mortgage borrowers. 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, it is possible that our hedging and risk management strategies will not 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 has historically performed well, it may not continue to meet expectations 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.

***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. Adjusted operating revenues for this segment 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. In addition, under certain laws and contract provisions, 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 performance-based capital allocations, or "carried interest." Our receipt of carried interest 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 carried interest. To the extent that we exceed the investment hurdle during the life of the fund, we may receive or accrue carried interest, which is reported as Net investment income and Net 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 carried interest, which would result in a reduction to Net investment income and Net gains (losses) during the period in which such reversal becomes due. Consequently, a decline in fund performance could require us to reverse previously reported carried interest, 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.

***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.

During periods of market disruption, including periods of rapidly changing credit spreads or illiquidity, it may be 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. 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.

***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.***

The determination of the amount of allowances and impairments varies by investment type and is based upon our quarterly evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are subjective and require a high degree of judgment, and are revised as conditions change and new information becomes available. There can be no assurance that management has accurately assessed the level of impairments taken and allowances reflected in our financial statements. Furthermore, additional impairments may need to be taken or allowances provided for in the future if investments perform worse than our expectations. Historical trends may not be indicative of future impairments or allowances.

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

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 Pledged."

***We may face significant losses if our actuarial assumptions, including mortality rates, morbidity rates, persistency rates or other underwriting assumptions, are not accurate, differ significantly from our pricing expectations or change in the future.***

Our financial results are subject to risks around actuarial assumptions, including those related to mortality and the future behavior of policyholders, such as lapse rates and future claims payment patterns. These assumptions, which we use to determine our liabilities for future policy benefits, may not reflect future experience. Changes to these actuarial assumptions in the future could require increases to our reserves or result in decreases in the carrying value of DAC/VOBA and other intangibles, in each case in amounts that could be material. Any adverse changes to reserves or DAC/VOBA and other intangibles balances 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. We generally update these actuarial assumptions in the third quarter of each year. For further information, see Results of Operations and Critical Accounting Judgments and Estimates of Part II. Item 7. of this Annual Report on Form 10-K.

We set prices for many of our Health Solutions 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 such 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 Health Solutions 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. 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 Wealth Solutions business. Although a majority of these products do not provide for a guaranteed minimum credited rate, a portion of this book of business provides a guaranteed annual credited rate 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, credit losses, 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.***

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, coinsurance with 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 unresolved liability for claims on the reinsured policies. In addition, a reinsurer insolvency or loss of accredited reinsurer status 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 connection with the Individual Life Transaction, we have entered into large reinsurance agreements with SLD, our former insurance subsidiary, with respect to the portion of the Individual Life and other legacy businesses that have been written by our insurance subsidiaries domiciled in Minnesota, Connecticut and New York. While SLD's reinsurance obligations to us are collateralized through assets held in trust, in the event of any default by SLD of its reinsurance obligations to us, or any loss of credit for such reinsurance, there can be no assurance that such assets will be sufficient to support the reserves that our subsidiaries would be required to establish or to pay claims.

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. 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. 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. In recent years, we have faced a number of

rate increase actions on in-force business, which have in some instances adversely affected our financial results, and there can be no assurance that the outcome of future rate increase actions would not have a material effect on our results of operations or financial condition. 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 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. The NAIC incorporated an expanded bond designations proposal, including new factors. This resulted in an increase in capital needed to satisfy RBC requirements. 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. 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.

***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 FHLB of Boston and the FHLB of Des Moines. We have issued non-putable funding agreements in exchange for eligible collateral in the form of cash, mortgage-backed securities and U.S. Treasury securities.

Should the FHLBs choose to change their definition of eligible collateral, change the lendable value against such 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 privacy and 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 privacy, security and confidentiality of our and our customers' personal information, trade secrets 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 and agents). We are also subject to numerous federal and state laws, as well as international laws such as GDPR, regarding the privacy and security of personal information, which laws vary significantly from jurisdiction to jurisdiction. As data privacy laws continue to proliferate, we may face difficulties in complying with an increasing number of legal obligations with respect to data privacy and security, or with balancing competing requirements that may be inconsistent across jurisdictions.

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 privacy, security and confidentiality of personal and confidential 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 in the future 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 risk factors "—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. 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 joint ventures, affiliates and third party service providers to provide services to us and our customers, including those joint ventures, affiliates and third party service providers 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.

***A failure to maintain the security, integrity, confidentiality or privacy of our telecommunication, information technology and 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," "ransomware," "phishing," "hacking" or similar illegal or unauthorized intrusions into computer systems and networks. Such events are often highly publicized, can result in significant disruptions to information technology systems and the theft of significant amounts of information as well as funds from online financial accounts, and can 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 cybersecurity 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 personal and confidential information and financial accounts 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 disrupt system operations, access, view, misappropriate, alter, or delete information in the systems, including personal information and proprietary business information, and misappropriate funds from online financial accounts. 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. Certain state, federal and international laws 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. Numerous state regulatory bodies are focused on privacy requirements for all companies that collect personal information and have proposed and enacted legislation and regulations regarding privacy standards and protocols. Broad data privacy legislation has also been introduced in the U.S. Senate. Should any such state or federal legislation be enacted, we and other covered businesses may be required to incur significant expense in order to meet its requirements.

Our joint ventures, affiliates and 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. For additional information about specific cybersecurity regulations that we are subject to, see Part I, Item 1. "Business—Regulation—Insurance Regulation—Cybersecurity Regulatory Activity".

***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.

For additional information regarding new accounting standards, see the *Business, Basis of Presentation and Significant Accounting Policies* Note in Part II, Item 8. of this Annual Report on Form 10-K.

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

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 changes in facts, circumstances, tax law, including a reduction in federal corporate tax rates may result in a reduction in the carrying value of our deferred income tax asset and the RBC ratios of our insurance subsidiaries, or an increase in the valuation allowance. A reduction in the carrying value of our deferred income tax asset or the RBC ratios of our insurance subsidiaries, or an increase in the valuation allowance could have a material adverse effect on our results of operations and financial condition.

We have estimated the deferred tax asset based on projections of future taxable income and on tax planning related to unrealized gains on investment assets. To the extent 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, including a reduction associated with a decrease in tax rate, in the deferred tax asset may be recorded as a tax expense.

***Our ability to use certain beneficial deferred tax assets may become subject to limitations.***

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. If the company were to experience a Section 382 event, this could impact our ability to obtain tax benefits from Voya's significant existing deferred tax assets as well as future losses and deductions.

***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. 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, results of operations 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.

A number of these risks materialized in connection with the COVID-19 epidemic, which created material economic disruption worldwide and also had significant effects on our business operations, including the operations of our overseas joint venture and third-party outsourcing providers.

In the event of any future disaster or disruption, 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.

***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 a significant portion of our information technology and business functions. If our joint ventures, affiliates or third-party service providers experience disruptions or do not perform as anticipated, or we experience problems with a transition, we may experience system failures, disruptions, or other operational difficulties, an inability to meet obligations, including, but not limited to, obligations to policyholders, customers, business partners and distribution partners, increased costs and a loss of business, and such events may have a material adverse effect on our business and results of operations. Our reliance on outsourcing providers may also exacerbate our exposure to certain risks associated with catastrophic events or material disruptions in economic activity, such as that which occurred in connection with the COVID-19 epidemic. This exposure could be particularly severe to the extent such events occur in regions, such as India, in which our outsourcing providers tend to be concentrated. 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."

## **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.

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.

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.

***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 or investors. See "Item 1. Business—Regulation—Insurance Regulation."

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. Our continued use of captive reinsurance subsidiaries is subject to potential regulatory changes.

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 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."

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. 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. 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.

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 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.

***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 products less attractive to customers.***

Changes in tax law, as well as changes in interpretation and enforcement of existing tax laws could increase our future tax costs, reducing our profitability. Changes or clarifications in tax law could cause further reductions to the statutory deferred tax assets and RBC ratios of our insurance subsidiaries. A reduction in the statutory deferred tax assets or RBC ratios 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.

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 Wealth Solutions products less attractive to customers.

## **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. is regulated by state insurance laws and regulations, and will depend on their ability to meet applicable regulatory standards and receive regulatory approvals. For additional information on the regulations governing our subsidiaries and restrictions imposed on their ability to pay dividends, see Part I. Item 1. "Business—Regulation—Insurance Regulation".

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 results of operations 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.

For a summary of ordinary dividends and extraordinary distributions paid by each of our Principal Insurance Subsidiaries to Voya Financial or Voya Holdings in 2020 and 2021, and a discussion of ordinary dividend capacity for 2022, see *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* in Part II, Item 7. of this Annual Report on Form 10-K.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 2. Properties**

As of December 31, 2021, we owned or leased 75 locations totaling approximately 1.7 million square feet, of which approximately 849 thousand square feet was owned properties and approximately 817 thousand 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 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. Additionally, our ability to declare or pay dividends on shares of our common stock will be substantially restricted in the event that we do not declare and pay (or set aside) dividends on the Series A and Series B Preferred Stock for the last preceding dividend period. 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 15, 2022, there were 51 stockholders of record of 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, 2021:

Period	Total Number of Shares Purchased <sup>(1)</sup>	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 <sup>(2)</sup> <small>(in millions)</small> <sup>(3)</sup>
October 1, 2021 - October 31, 2021 . . . . .	1,507,080	\$ 67.07	1,503,228	\$ 731
November 1, 2021 - November 30, 2021 . . . . .	1,967,375	66.77	1,883,622	605
December 1, 2021 - December 31, 2021 . . . . .	1,333,298	63.02	1,328,071	521
<b>Total</b> . . . . .	<u>4,807,753</u>	<u>\$ 65.83</u>	<u>4,714,921</u>	N/A

<sup>(1)</sup> In connection with exercise of 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 to tax withholding obligations and option exercise cost associated with such exercise or vesting. For the three months ended December 31, 2021, there were 92,832 Treasury share increases in connection with such withholding activities.

<sup>(2)</sup> On October 28, 2021, the Board of Directors provided its most recent share repurchase authorizations, increasing the aggregate amount of the Company's common stock authorized for repurchase by \$500 million. Subsequently, on December 9, 2021, the Board of Directors provided authorization for the repurchase of warrants that, when taken together with share repurchases made under its most recent share repurchase authorization, does not exceed \$500. The additional share and warrant repurchase authorization expires on December 31, 2022 (unless extended), and does not obligate the Company to purchase any shares or warrants. The authorization for the share repurchase program may be terminated, increased or decreased by the Board of Directors at any time.

<sup>(3)</sup> Subsequent to December 31, 2021, the Company repurchased 2,050,270 shares through a 10b5-1 plan for an aggregate purchase price of \$145 million.

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. Reserved**

### **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, 2021 and 2020, and financial condition as of December 31, 2021 and 2020. 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. For discussion and analysis of our results of operations for the years ended December 31, 2020 and 2019, refer to our 2020 Annual Report on Form 10-K filed with the SEC on March 1, 2021.*

*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

We provide our principal products and services through three segments: Wealth Solutions, Investment Management and Health Solutions. Corporate includes activities not directly related to our segments and certain run-off activities that are not meaningful to our business strategy.

In general, our primary sources of revenue include fee income from managing investment portfolios for clients as well as asset management and administrative fees from certain insurance and investment products; investment income on our general account and other funds; and from insurance premiums. Our fee income derives from asset- and participant-based advisory and recordkeeping fees on our retirement products, from management and administrative fees we earn from managing client assets, and from the distribution, servicing and management of mutual funds. We generate investment income on the assets in our general account, primarily fixed income assets, that back our liabilities and surplus. We earn premiums on insurance policies, including stop-loss, group life, voluntary and disability products as well as retirement contracts. Our expenses principally consist of general business expenses, commissions and other costs of selling and servicing our products, interest credited on general account liabilities as well as insurance claims and benefits including changes in the reserves we are required to hold for anticipated future insurance benefits.

Because our fee income is generally tied to account values, our profitability is determined in part by the amount of assets we have under management, administration or advisement, which in turn depends on sales volumes to new and existing clients, net deposits from retirement plan participants, and changes in the market value of account assets. Our profitability also depends on the difference between the investment income we earn on our general account assets, or our portfolio yield, and crediting rates on client accounts. Underwriting income, principally dependent on our ability to price our insurance products at a level that enables us to earn a margin over the costs associated with providing benefits and administering those products, and to effectively manage actuarial and policyholder behavior factors, is another component of our profitability.

Profitability also depends on our ability to effectively deploy capital and utilize our tax assets. Furthermore, profitability depends on our ability to manage expenses to acquire new business, such as commissions and distribution expenses, as well as other operating costs.

## Discontinued Operations

### *The Individual Life Transaction*

On January 4, 2021, we completed a series of transactions pursuant to a Master Transaction Agreement (the "Resolution MTA") entered into on December 18, 2019 with Resolution Life U.S. Holdings Inc., a Delaware corporation ("Resolution Life US"), pursuant to which Resolution Life US acquired Security Life of Denver Company ("SLD"), Security Life of Denver International Limited ("SLDI") and Roaring River II, Inc. ("RRII") including several subsidiaries of SLD.

The purchase price we received at the closing was based on estimated amounts and was subject to a post-close true-up mechanism pursuant to which the purchase price was adjusted based on SLD's adjusted book value as of the closing date. In addition to cash consideration, proceeds included approximately \$225 million interest in RLGH and certain other affiliates of Resolution Life US, and \$123 million principal amount in surplus notes issued by SLD. In connection with the closing, \$100 million was deferred in cash proceeds for a period of up to 42 months, subject to an adjustment mechanism based on certain financial contingencies affecting SLD over that period. In addition, in connection with the unwind of certain guarantee obligations affecting portions of SLD's business, in lieu of \$60 million of cash proceeds, we received approximately \$60 million in additional preferred equity interests in Resolution Life US affiliates. During 2021, we completed the post-close true-up process with Resolution Life US which resulted in no material changes to loss on sale recorded upon close. Additionally, we received \$100 million from Resolution Life US which was deferred at the time of close as mentioned above.

We determined that the legal entities sold and the Individual Life and Annuities businesses within these entities met the criteria to be classified as held for sale and that the sale represents a strategic shift that will have a major effect on our operations. Accordingly, the results of operations of the businesses sold have been presented as discontinued operations, and the assets and liabilities of the related businesses have been classified as held for sale and segregated for all periods presented in this Annual Report on Form 10-K.

As of December 31, 2020, we recorded an estimated loss on sale, net of tax, of \$1,466 million to write down the carrying value



of the businesses held for sale to estimated fair value, which was based on the estimated sales price of the Individual Life transaction (as defined above) as of December 31, 2020 less cost to sell and other adjustments in accordance with the Resolution MTA. Income (loss) from discontinued operations, net of tax, for the year ended December 31, 2021 includes an estimated reduction to loss on sale of \$12 million, net of tax. The loss on sale, net of tax as of December 31, 2021 of \$1,454 million, represents the excess of the carrying value of the businesses sold over the purchase price, which equals fair value, less cost to sell. As a result of the close of the Individual Life Transaction, the net aggregate reduction in Total shareholders' equity, excluding Accumulated other comprehensive income ("AOCI"), was \$0.6 billion. The net aggregate reduction in Total shareholders' equity, including AOCI, was \$2.3 billion. This includes the impact of the cumulative loss on sale as well as the reversal of the AOCI related to the entities sold.

Refer to *Reinsurance* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for disclosures related to the reinsurance transactions pursuant to the Resolution MTA.

Upon the close of the Individual Life transaction, we continue to hold an insignificant number of Individual Life, and non-Wealth Solutions annuities policies which together with the businesses sold through divestment or reinsurance will be referred to as "divested businesses".

The following table summarizes the components of Income (loss) from discontinued operations, net of tax related to the Individual Life Transaction (closed on January 4, 2021) for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>			
Net investment income .....	\$ —	\$ 669	\$ 665
Fee income .....	—	778	750
Premiums .....	—	26	27
Total net gains (losses) .....	—	27	45
Other revenue .....	—	(16)	(21)
Total revenues .....	<u>—</u>	<u>1,484</u>	<u>1,466</u>
<b>Benefits and expenses:</b>			
Interest credited and other benefits to contract owners/policyholders .....	—	1,225	1,055
Operating expenses .....	—	147	83
Net amortization of Deferred policy acquisition costs and Value of business acquired .....	—	238	153
Interest expense .....	—	6	10
Total benefits and expenses .....	<u>—</u>	<u>1,616</u>	<u>1,301</u>
Income (loss) from discontinued operations before income taxes .....	—	(132)	165
Income tax expense (benefit) .....	—	(29)	34
Loss on sale, net of tax .....	12	(316)	(1,150)
Income (loss) from discontinued operations, net of tax .....	<u>\$ 12</u>	<u>\$ (419)</u>	<u>\$ (1,019)</u>

## **Trends and Uncertainties**

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations ("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 continuing business operations and financial performance in the future.

## ***COVID-19 and its Effect on the Global Economy***

COVID-19, the disease caused by the novel coronavirus, has had a significant adverse effect on the global economy since March of 2020. Even though the pace of vaccinations has increased in many countries, including the United States, the disease continues to spread throughout the world. The persistence of new infections, including the introduction of new variants, has slowed the re-opening of the U.S. economy and, even in regions where restrictions have largely been lifted, economic activity has been slow to recover. In addition, while the ability to impose federal vaccine mandates have been curtailed by the U.S. Supreme Court, we continue to be subject to various state and local vaccine mandates that would require at least a portion of our U.S. employees to be vaccinated, which could potentially impact our work force. Longer-term, the economic outlook is uncertain, but may depend in significant part on progress with respect to effective therapies to treat COVID-19 or the approval of additional vaccines and the pace at which they are administered globally. For further information regarding risks associated with COVID-19, see *Risk Factors - The COVID-19 pandemic has had, and is likely to continue to have, adverse effects on our financial condition and results of operations* in Part I, Item 1A. of this Annual Report on Form 10-K.

### ***Effect on Voya Financial - Financial Condition, Capital and Liquidity***

Because both public health and economic circumstances are changing so rapidly at present, it is impossible to predict how COVID-19 will affect Voya Financial's future financial condition. Absent a further significant and prolonged market shock, however, we do not anticipate a material effect on our balance sheet, statutory capital, or liquidity. Our capital levels remain strong and significantly above our targets. As of December 31, 2021, our estimated combined RBC ratio, with adjustments for certain intercompany transactions, was 550%, above our 375% target.

We have completed repurchases of approximately \$1,143 million of our common shares as of December 31, 2021. In January and October 2021, we increased our common shareholder dividend by 10% and 21%, respectively. We do not anticipate any reduction in our dividend and continue to monitor the dividends-paying capacity of our insurance subsidiaries. We have distributed \$910 million in 2021 from our insurance subsidiaries.

### ***Effect on Voya Financial - Results of Operations***

Predicting with accuracy the future consequences of COVID-19 on our results of operations is impossible. To date, the most significant effects of adverse economic conditions have been on our fee-based income, with net investment income experiencing milder effects. Underwriting income, principally affected by increases to mortality and morbidity due to the disease, has also been negatively affected.

#### Wealth Solutions

In Wealth Solutions, we initially experienced pressure on earnings driven by equity market volatility as well as lower interest rates, with effects weighted more heavily towards our full-service corporate markets business and less on recordkeeping business. While equity market improvements have resulted in higher AUM levels and favorable results in fee-based income, we estimate that low market interest rates will continue to contribute to a lower spread-based income. Longer-term effects will depend significantly on equity market performance and prevailing interest rate levels, as well as unemployment levels. We believe that expense reductions and other management actions would be available to offset a portion of any impact.

#### Investment Management

In Investment Management, equity market improvements have contributed to AUM levels and higher fee-based margin. In addition, Investment capital has been revaluated higher over the last year, however if the economy declines due to COVID-19 and emerging variants, investment capital results could materially decline. We had seen an elevated level of outflows associated with our retail business at the outset of the pandemic that has since subsided. The pandemic has made generating new business leads more challenging, resulting in a reduction in sales meetings and activities that could result in a lower level of sales activity during the year. If the pandemic persists and the economy fails to grow or declines from current levels, asset values could be negatively impacted resulting in lower management fee revenue and/or investment capital returns.

#### Health Solutions

In Health Solutions, the effects from COVID-19 have been seen primarily in increased mortality claims on group life policies. We have not seen a significant increase in medical stop loss claims.

We expect mortality claims in group life to be elevated in 2022 due to COVID-19 related deaths, with the magnitude of such claims dependent on mortality rates from the disease. We currently estimate that, for every 10,000 incremental deaths in the United States due to COVID-19, we would see between \$2 to \$3 million of additional claims. Experience to date is consistent with this expectation.

### ***Market Conditions***

While extraordinary monetary accommodation has suppressed volatility in rate, credit and domestic equity markets for an extended period, global capital markets are now past peak accommodation as the U.S. Federal Reserve continues its gradual pace of policy normalization. As global monetary policy becomes less accommodating, an increase in market volatility could affect our business, including through effects on the rate and spread component of yields we earn on invested assets, changes in required reserves and capital, and fluctuations in the value of our assets under management ("AUM"), administration or advisement ("AUA"). These effects could be exacerbated by uncertainty about future fiscal policy, changes in tax policy, the scope of potential deregulation, levels of global trade, and geopolitical risk. In the short- to medium-term, the potential for increased volatility, coupled with prevailing interest rates below historical averages, 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 AUM fluctuate, hedging costs increase and revenue declines due to reduced sales and increased outflows. As a company with strong retirement, investment management and insurance capabilities, however, we believe the market conditions noted above may, over the long term, 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, 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 interest rates and 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***

We believe the interest rate environment will continue to influence our business and financial performance in the future for several reasons, including the following:

- Our general account investment portfolio, which was approximately \$45 billion as of December 31, 2021, consists predominantly of fixed income investments and had an annualized earned yield of approximately 4.5% in the fourth quarter of 2021. 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 were reinvested in fixed income investments during 2021 will earn an average yield below the prevailing portfolio yield. 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.
- Several of our products pay guaranteed minimum rates such as fixed accounts and a portion of the stable value accounts included within defined contribution retirement plans. 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.

For additional information on the impact of the continued low interest rate environment, see *Risk Factors - 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* in Part I, Item 1A. of this Annual Report on Form 10-K. Also, 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.

## ***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, equity compensation grants, 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 our business include:

### ***Wealth Solutions***

- 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, due to the timing of vacation schedules in the academic calendar.
- 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***

- 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.

### ***Health Solutions***

- 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 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.

## ***Stranded Costs***

As a result of the Individual Life Transaction, the historical revenues and certain expenses of the divested businesses have been classified as discontinued operations. Historical revenues and certain expenses of the businesses that have been divested via reinsurance at closing of the Individual Life Transaction (including an insignificant amount of Individual Life and non-Wealth Solutions annuities that are not part of the transaction) are reported within continuing operations, but are excluded from adjusted operating earnings as businesses exited or to be exited through reinsurance or divestment. Expenses classified within discontinued operations and businesses exited or to be exited through reinsurance include only direct operating expenses incurred by these businesses and then only to the extent that the nature of such expenses was such that we ceased to incur such expenses upon the close of the Individual Life Transaction. Certain other direct costs of these businesses, including those which relate to activities for which we provide transitional services and for which we are reimbursed under transition services agreements ("TSAs") are reported within continuing operations along with the associated revenues from the TSAs. Additionally, indirect costs, such as those related to corporate and shared service functions that were previously allocated to the businesses sold or divested via reinsurance, are reported within continuing operations. These costs ("Stranded Costs") and the associated revenues from the TSAs are reported within continuing operations in Corporate, since we do not believe they are representative of the future run-rate of revenues and expenses of the continuing operations of our business segments. We have implemented a cost reduction strategy to address Stranded Costs. Refer to *Restructuring* in Part II, Item 7 of this Annual Report on Form 10-K for more information on this program.

## **Restructuring**

### ***Organizational Restructuring***

Pursuant to the Company executing the Resolution MTA and the Individual Life Transaction, the Company sold five of its legal subsidiaries, SLD, SLDI, RRII, MUL and VAE to Resolution Life US, which is an insurance holding company newly formed by RLGH, a Bermuda-based limited partnership. The Company also executed an agreement with Cetera on June 9, 2021, where Cetera acquired the independent financial planning channel of VFA. Additionally, the Company transferred or ceased usage of a substantial number of administrative systems and is undertaking restructuring efforts to reduce stranded expenses associated with its Individual Life business and independent financial planning channel as well as its corporate and shared services functions. The Company anticipates incurring additional restructuring expenses directly and indirectly related to these dispositions beyond 2021, of \$25 - \$75 in addition to the \$78 incurred during 2020 and \$91 incurred for the year ended December 31, 2021.

See the *Restructuring* Note in our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information on the restructuring activities related to the Individual Life Transaction.

## **Results of Operations**

### **Operating Measures**

In this MD&A, we discuss Adjusted operating earnings before income taxes and Adjusted operating revenues, each of which is a measure used by management to evaluate segment performance. For additional information on each measure, see *Segments* Note to our Consolidated Financial Statements in Part II, Item 8. *of this Annual Report on Form 10-K.*

### ***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 or advisement 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.

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

	As of December 31,	
	2021	2020
<i>(\$ in millions)</i>		
<b>AUM and AUA:</b>		
Wealth Solutions .....	\$ 536,246	\$ 520,258
Investment Management .....	323,656	301,680
Health Solutions .....	1,887	1,837
Eliminations/Other .....	(122,754)	(123,587)
<b>Total AUM and AUA<sup>(1)</sup></b> .....	<b>\$ 739,035</b>	<b>\$ 700,188</b>
AUM .....	\$ 405,285	\$ 364,610
AUA .....	333,749	335,578
<b>Total AUM and AUA<sup>(1)</sup></b> .....	<b>\$ 739,035</b>	<b>\$ 700,188</b>

<sup>(1)</sup> Includes AUM and AUA related to the divested businesses, for which a substantial portion of the assets continue to be managed by our Investment Management segment.

## Terminology Definitions

### 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 statistics underlying our financial performance.

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

*Sales* for Health Solutions products are based on a calculation of annual premiums, which represent regular premiums on new policies, plus a portion of new single premiums.

*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.

*Net gains (losses), Net investment gains (losses) and related charges and adjustments* and *Net guaranteed benefit 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").

## Results of Operations - Company Consolidated

The following table presents our Consolidated Statements of Operations for the periods indicated:

(\$ in millions)	Year Ended December 31,		Change
	2021	2020	
<b>Revenues:</b>			
Net investment income	\$ 2,774	\$ 2,909	\$ (135)
Fee income	1,827	2,026	(199)
Premiums	(3,354)	2,416	(5,770)
Net gains (losses)	1,423	(365)	1,788
Other revenue	579	409	170
Income (loss) related to consolidated investment entities	981	254	727
<b>Total revenues</b>	<b>4,230</b>	<b>7,649</b>	<b>(3,419)</b>
<b>Benefits and expenses:</b>			
Interest credited and other benefits to contract owners/ policyholders	(2,163)	4,101	(6,264)
Operating expenses	2,586	2,654	(68)
Net amortization of Deferred policy acquisition costs and Value of business acquired	795	352	443
Interest expense	186	159	27
Operating expenses related to consolidated investment entities	49	31	18
<b>Total benefits and expenses</b>	<b>1,453</b>	<b>7,297</b>	<b>(5,844)</b>
Income (loss) from continuing operations before income taxes	2,777	352	2,425
Income tax expense (benefit)	(98)	(18)	(80)
Income (loss) from continuing operations	2,875	370	2,505
Income (loss) from discontinued operations, net of tax	12	(419)	431
<b>Net Income (loss)</b>	<b>2,887</b>	<b>(49)</b>	<b>2,936</b>
Less: Net income (loss) attributable to noncontrolling interest	761	157	604
Less: Preferred stock dividends	36	36	—
<b>Net income (loss) available to our common shareholders</b>	<b>\$ 2,090</b>	<b>\$ (242)</b>	<b>\$ 2,332</b>

For additional information on reconciliations of Income (loss) from continuing operations before income taxes to Adjusted operating earnings before income taxes and Total revenues to Adjusted operating revenues, and their relative contributions of each segment, see *Segments* Note to our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

### Consolidated - Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

#### Total Revenues

Total Revenues decreased \$3,419 million from \$7,649 million to \$4,230 million. The following items contributed to the overall decrease.

Net investment income decreased \$135 million from \$2,909 million to \$2,774 million primarily due to:

- transfer of assets to a comfort trust pursuant to the reinsurance agreements entered into concurrent with the closing of the Individual Life Transaction.

The decrease was partially offset by:

- higher alternative investment income in the current period primarily driven by market performance; and

- higher prepayment fee income in the current period primarily driven by interest rate movements.

*Fee income* decreased \$199 million from \$2,026 million to \$1,827 million primarily due to:

- lower fee income compared to the prior period due to the close of the Individual Life Transaction in both businesses exited and Investment Management.

The decrease was partially offset by:

- an increase in average fee-based fund AUM in Wealth solutions primarily driven by market performance, partially offset by a lower earned rate; and
- an increase in average external client AUM in Investment Management primarily driven by market performance and positive net flows.

*Premiums* decreased \$5,770 million from \$2,416 million to \$(3,354) million primarily due to:

- the close of the Individual Life Transaction, at which point RLI, VRIAC, and RLNY ceded substantially all of their Individual Life and Non-Wealth Solution Annuities businesses to SLD, which are fully offset by a corresponding amount in Interest credited and other benefits to contract owners/policyholders.

The decrease was partially offset by:

- higher premiums driven by growth of the Stop Loss and Voluntary blocks of business in Health Solutions.

*Net gains (losses) changed* \$1,788 million from a loss of \$365 million to a gain of \$1,423 million primarily due to:

- realized gains on the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction;
- a favorable change in the allowance for losses on commercial mortgage loans; and
- realized gain driven by the sale of our stake in a limited partnership interest.

The change were partially offset by:

- unfavorable mark-to-market adjustments on securities subject to fair value option accounting primarily driven by a general market re-pricing of prepayment risk;
- losses from market value changes associated with business reinsured, which are fully offset by a corresponding amount in Interest credited and other benefits to contract owners/policyholders; and
- unfavorable changes in the fair value of guaranteed benefit derivatives as a result of interest rate movements.

*Other revenue* increased \$170 million from \$409 million to \$579 million primarily due to:

- a net gain related to the sale of the independent financial planning channel of VFA; and
- revenue from transition services agreements resulting from the close of the Individual Life Transaction.

The increase was partially offset by:

- lower revenues driven by the sale of the independent financial planning channel of VFA; and
- performance fees earned in our Investment Management segment in the prior year which did not repeat.

*Income related to consolidated investment entities* increased \$727 million from \$254 million to \$981 million primarily due to:

- increase due to favorable market appreciation in the limited partnerships due to higher demand for the alternative asset investment class; and
- new funds launched during the current period.



## ***Total Benefits and Expenses***

*Total benefits and expenses* decreased by \$5,844 million from \$7,297 million to \$1,453 million. The following items contributed to the overall decrease.

*Interest credited and other benefits to contract owners/policyholders* decreased \$6,264 million from \$4,101 million to \$(2,163) million primarily due to:

- the close of the Individual Life Transaction, at which point, RLI, VRIAC, and RLNY ceded substantially all of their Individual Life and Non-Wealth Solutions Annuities businesses to SLD, which are fully offset by a corresponding amount in Premiums;
- loss recognition and annual assumptions update unlocking during the prior year related to our businesses reinsured at the close of the Individual Life Transaction; and
- market value impacts and changes in the reinsurance deposit asset associated with business reinsured, which are fully offset by a corresponding amount in Net gains (losses).

The decrease was partially offset by:

- amortization and loss recognition driven by the realized gains on the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction;
- higher claims in Group Life, primarily related to COVID-19, and growth in Stop Loss and Voluntary blocks of business, partially offset by lower Voluntary loss ratios and other reserve adjustments in Health Solutions;
- an increase in the allowance for losses on reinsurance recoverables; and
- actual versus expected mortality in the current period for the businesses ceded to SLD related to claims prior to the close of the Individual Life Transaction.

*Operating expenses* decreased \$68 million from \$2,654 million to \$2,586 million primarily due to:

- lower expenses driven by the close of the Individual Life Transaction and sale of the independent financial planning channel of VFA;
- a ceding commission paid as part of the close of the Individual Life Transaction at which point RLI, VRIAC and RLNY ceded substantially all of the Individual Life and Non-Wealth Solution Annuities businesses to SLD;
- lower stranded costs in the current period related to the Individual Life Transaction due to increased benefits from costs savings;
- a favorable change in pension costs. See the *Employee Benefit Arrangements* Note in Part II, Item 8. of this Annual Report on Form 10-K for further information; and
- lower amortization of intangible assets in Corporate related to a prior acquisition that became fully amortized during the third quarter of 2020.

The decrease was partially offset by:

- an increase in growth-based expenses in our Wealth Solutions and Health Solutions segments;
- higher incentive compensation in Corporate due to strong performance in the current period;
- higher restructuring charges in the current period. See the *Restructuring* Note in Part II, Item 8. of this Annual Report on Form 10-K for information;
- higher compensation related expenses in our Investment Management segment primarily associated with higher earnings in the current period; and
- higher litigation reserves in Wealth Solutions during the current periods compared to the prior period.

*Net amortization of DAC/VOBA* increased \$443 million from \$352 million to \$795 million primarily due to:

- amortization and loss recognition driven by the realized gains on the transfer of assets to a comfort trust pursuant to reinsurance agreements entered into concurrent with the close of the Individual Life Transaction;
- unfavorable annual assumption updates resulting in a write-down of DAC and VOBA, partially offset by unfavorable assumption updates in the prior period related to our businesses ceded to SLD at the close of the Individual Life Transaction; and
- higher amortization on higher gross profits and business growth in Wealth Solutions and Health Solutions.

The increase was partially offset by:

- favorable Wealth Solutions annual assumption update unlocking in the current period compared to unfavorable unlocking in the prior period.

### ***Income Tax Benefit***

*Income tax benefit* increased \$80 million from \$18 million to \$98 million primarily due to:

- the \$521 million release of the tax valuation allowance in 2021, which consisted of a \$290 million allowance release related to all of the federal deferred tax assets and a substantial portion of the state deferred tax assets and a \$231 million release of a stranded tax benefit allocated to continuing operations from Accumulated Other Comprehensive Income; and
- an increase in noncontrolling interest.

The increase was partially offset by:

- an increase in income before income taxes.

### ***Loss from Discontinued Operations, net of Tax***

*Income (loss) from discontinued operations, net of tax* changed \$431 million from a loss of \$419 million to income of \$12 million primarily due to:

- unfavorable adjustments to the Individual Life Transaction loss on sale, net of tax excluding costs to sell made in the prior period and favorable adjustments made in the current period; and
- net losses from discontinued operations, net of tax in the prior period which ceased at the close of the Individual Life Transaction.

### ***Adjustments from Income (Loss) from Continuing Operations before Income Taxes to Adjusted Operating Earnings before Income Taxes***

For additional information on the reconciliation adjustments listed below, see the *Segments* Note to our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

*Net investment gains (losses) and related charges and adjustments* changed \$42 million from a gain of \$22 million to a loss of \$20 million primarily due to:

- unfavorable mark-to-market adjustments on securities subject to fair value option accounting primarily driven by a general market re-pricing of prepayment risk.

The change was partially offset by:

- a realized gain driven by the sale of our stake in a limited partnership interest; and
- a favorable change in the allowance for losses on commercial mortgage loans.

*Net guaranteed benefit gains (losses) and related charges and adjustments* changed \$23 million from a gain of \$22 million to a loss of \$1 million primarily due to:

- unfavorable changes in derivative valuations due to interest rate movements.

*Gain (loss) related to businesses exited through reinsurance or divestment* changed \$1,154 million from a loss of \$342 million to an income of \$812 million primarily due to:

The close of the Individual Life Transaction:

- at the close of the Individual Life Transaction the transfer of assets to a comfort trust pursuant to the reinsurance agreements resulted in realized gains which were partially offset by intangibles amortization and loss recognition; and
- actual versus expected mortality in the current year for the businesses ceded to SLD related to claims prior to the close of the Individual Life Transaction.

Other current year events:

- a gain in second quarter related to the sale of the independent financial planning channel of VFA net of transaction-related costs to sell;
- third quarter annual assumption updates which resulted in DAC and VOBA loss recognition on the deferred intangibles associated with our businesses ceded to SLD; and
- current year amortization of the deferred intangibles associated with the businesses ceded to SLD.

For further information on the deferred intangibles, see the *Reinsurance* Note in Part II, Item 8. of this Annual Report on Form 10-K.

Prior year impacts:

- net losses, due to loss recognition and unfavorable unlocking driven by the annual assumption updates net of favorable alternative investment performance, in the prior year related to the Individual Life and the Non-Wealth Solution Annuities businesses in RLI, VRIAC, and RLNY that were ceded to SLD at the close of the Individual Life Transaction.

For further details on loss recognition, see *Critical Accounting Judgments and Estimates - Assumptions and Periodic Review* in Part II, Item 7. of this Annual Report on Form 10-K.

*Losses related to early extinguishment of debt* increased \$31 million primarily due to:

- losses in connection with debt extinguishments completed during the current year. See the *Financing Agreements* Note in Part II, Item 8. of this Annual Report on Form 10-K for further information.

*Immediate recognition of net actuarial gains related to pension and other postretirement benefit obligations and gains from plan adjustments and curtailments* increased \$31 million from \$2 million to \$33 million. See *Critical Accounting Judgments and Estimates - Employee Benefits Plans* in Part II, Item 7. of this Annual Report on Form 10-K for further information.

*Other adjustments* increased \$64 million from a loss of \$41 million to a loss of \$105 million primarily due to:

- higher costs recorded in the current year related to restructuring. See the *Restructuring* Note in Part II, Item 8. of this Annual Report on Form 10-K for information.

## **Results of Operations - Segment by Segment**

Adjusted operating earnings is the measure of segment profit or loss management uses to evaluate segment performance. Adjusted operating earnings should not be viewed as a substitute for GAAP pretax income. We believe the presentation of segment adjusted operating earnings as we measure it for management purposes enhances the understanding of our business by reflecting the underlying performance of our core operations and facilitating a more meaningful trend analysis. Refer to the *Segments* Note to our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for further information on the presentation of segment results and our definition of adjusted operating earnings.

## Wealth Solutions

The following table presents Adjusted operating earnings before income taxes of our Wealth Solutions segment for the periods indicated:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
<b>Adjusted operating revenues:</b>		
Net investment income and net gains (losses) .....	\$ 2,114	\$ 1,742
Fee income .....	1,056	877
Premiums .....	—	8
Other revenue .....	68	89
<b>Total adjusted operating revenues</b> .....	<b>3,238</b>	<b>2,717</b>
<b>Operating benefits and expenses:</b>		
Interest credited and other benefits to contract owners/policyholders .....	891	961
Operating expenses .....	1,146	1,075
Net amortization of DAC/VOBA .....	91	237
<b>Total operating benefits and expenses</b> .....	<b>2,128</b>	<b>2,274</b>
<b>Adjusted operating earnings before income taxes<sup>(1)</sup></b> .....	<b>\$ 1,110</b>	<b>\$ 443</b>

<sup>(1)</sup> Includes unlocking related to annual review of the assumptions. Refer to *DAC/VOBA and Other Intangibles Unlocking* in Part II, Item 7. of this Annual Report on Form 10-K for further information.

The following tables present Total Client Assets, which comprise total AUM and AUA, for our Wealth Solutions segment as of the dates indicated:

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
Full Service .....	\$ 187,702	\$ 165,412
Recordkeeping .....	279,501	247,309
<b>Total Defined Contribution</b> .....	<b>467,203</b>	<b>412,721</b>
Investment-only Stable Value .....	40,246	42,864
Retail Client and Other Assets .....	28,796	64,673
<b>Total Client Assets</b> .....	<b>\$ 536,246</b>	<b>\$ 520,258</b>

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
Fee-based .....	\$ 434,340	\$ 379,840
Spread-based .....	33,359	34,712
Investment-only Stable Value .....	40,246	42,864
Retail Client Assets .....	28,300	62,842
<b>Total Client Assets</b> .....	<b>\$ 536,246</b>	<b>\$ 520,258</b>

The following table presents Full Service, Recordkeeping, and Stable Value net flows for our Wealth Solutions segment for the periods indicated:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
<b>Full Service - Corporate markets:</b>		
Deposits .....	\$ 14,740	\$ 12,400
Surrenders, benefits and product charges .....	(13,709)	(10,468)
Net flows .....	1,031	1,934
<b>Full Service - Tax-exempt markets:</b>		
Deposits .....	6,239	8,203
Surrenders, benefits and product charges .....	(6,694)	(8,533)
Net flows .....	(455)	(330)
<b>Total Full Service Net Flows</b> .....	<b>\$ 576</b>	<b>\$ 1,604</b>
<b>Recordkeeping and Stable Value:</b>		
Recordkeeping Net Flows .....	\$ (6,731)	\$ 24,497
Investment-only Stable Value Net Flows .....	\$ (2,108)	\$ 4,291

***Wealth Solutions - Year Ended December 31, 2021 Compared to Year Ended December 31, 2020***

*Adjusted operating earnings before income taxes* increased \$667 million from \$443 million to \$1,110 million primarily due to:

- higher alternative investment income;
- a favorable change in DAC unlocking primarily due to equity market performance and unfavorable annual assumption updates in the prior year; and
- higher fee revenue driven by higher average equity markets, partially offset by the impact of the Financial Planning Channel sale and a lower earned rate.

The increase was partially offset by:

- higher expenses primarily driven by business growth, partially offset by the impact of the Financial Planning Channel sale;
- higher amortization of DAC driven by higher gross profits and business growth; and
- a higher legal accrual in the current period compared to the prior period.

## Investment Management

The following table presents Adjusted operating earnings before income taxes of our Investment Management segment for the periods indicated:

	Year Ended December 31,	
	2021	2020
<i>(\$ in millions)</i>		
<b>Adjusted operating revenues:</b>		
Net investment income and net gains (losses)	\$ 103	\$ 15
Fee income	667	619
Other revenue	13	69
Total adjusted operating revenues	783	702
<b>Operating benefits and expenses:</b>		
Operating expenses	544	506
Total operating benefits and expenses	544	506
<b>Adjusted operating earnings before income taxes</b>	<b>\$ 239</b>	<b>\$ 197</b>

Our Investment Management operating segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees.

	Year Ended December 31,	
	2021	2020
<i>(\$ in millions)</i>		
Investment Management intersegment revenues	\$ 92	\$ 110

The following table presents AUM and AUA for our Investment Management segment as of the dates indicated:

	As of December 31,	
	2021	2020
<i>(\$ in millions)</i>		
<b>AUM</b>		
External clients:		
Institutional <sup>(1)</sup>	\$ 148,921	\$ 111,964
Retail <sup>(1)</sup>	76,907	75,116
Total external clients	225,829	187,080
General account	38,004	58,421
Total AUM <sup>(1)</sup>	263,832	245,501
AUA <sup>(2)</sup>	59,823	56,179
<b>Total AUM and AUA<sup>(1)(2)</sup></b>	<b>\$ 323,656</b>	<b>\$ 301,680</b>

<sup>(1)</sup> Includes assets associated with the divested businesses.

<sup>(2)</sup> Includes assets sourced by other segments and also reported as AUA or AUM by such other segments. Assets Under Advisement, presented in AUA, includes advisory assets, mutual fund, general account and stable value assets.

The following table presents net flows for our Investment Management segment for the periods indicated:

	Year Ended December 31,	
	2021	2020
<i>(\$ in millions)</i>		
<b>Net Flows:</b>		
Institutional <sup>(1)</sup>	\$ 9,075	\$ 10,614
Retail	(1,304)	(2,240)
Divested businesses	(2,974)	(2,506)
<b>Total<sup>(1)</sup></b>	<b>\$ 4,796</b>	<b>\$ 5,869</b>

<sup>(1)</sup> Starting Q1 2021, amounts exclude liquidity related cash flow activities. Historical periods presented have been revised to conform with this presentational change.

**Investment Management - Year Ended December 31, 2021 Compared to Year Ended December 31, 2020**

Adjusted operating earnings before income taxes increased \$42 million from \$197 million to \$239 million primarily due to:

- higher investment capital returns primarily driven by overall market performance; and
- higher fee revenue primarily driven by higher average equity markets and positive net flows, partially offset by a decline in fees earned as a result of the Individual Life Transaction.

The increase was partially offset by:

- lower other revenue primarily due to prior year performance fees which did not repeat; and
- higher operating expenses primarily driven by variable compensation due to higher earnings.

**Health Solutions**

The following table presents Adjusted operating earnings before income taxes of the Health Solutions segment for the periods indicated:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
<b>Adjusted operating revenues:</b>		
Net investment income and net gains (losses) .....	\$ 165	\$ 114
Fee income .....	69	61
Premiums .....	2,168	1,986
Other revenue .....	(7)	(7)
Total adjusted operating revenues .....	<u>2,395</u>	<u>2,155</u>
<b>Operating benefits and expenses:</b>		
Interest credited and other benefits to contract owners/policyholders .....	1,674	1,495
Operating expenses .....	492	436
Net amortization of DAC/VOBA .....	25	19
Total operating benefits and expenses .....	<u>2,191</u>	<u>1,951</u>
<b>Adjusted operating earnings before income taxes</b> .....	<u>\$ 204</u>	<u>\$ 204</u>

The following table presents sales, gross premiums and in-force for our Health Solutions segment for the periods indicated:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
<b>Sales by Product Line:</b>		
Group life and Disability .....	\$ 110	\$ 119
Stop loss .....	355	308
Total group products .....	465	427
Voluntary products .....	128	134
<b>Total sales by product line</b> .....	<b>\$ 593</b>	<b>\$ 561</b>
Total gross premiums and deposits .....	\$ 2,429	\$ 2,234
Group life and Disability .....	752	714
Stop loss .....	1,181	1,096
Voluntary .....	576	472
<b>Total annualized in-force premiums</b> .....	<b>\$ 2,510</b>	<b>\$ 2,282</b>
<b>Loss Ratios:</b>		
Group life (interest adjusted) .....	95.5 %	81.8 %
Stop loss .....	77.3 %	77.7 %
Total Loss Ratio <sup>(1)</sup> .....	72.5 %	70.4 %

<sup>(1)</sup> Total Loss Ratio is presented on a trailing twelve month basis.

***Health Solutions- Year Ended December 31, 2021 Compared to Year Ended December 31, 2020***

*Adjusted operating earnings before income taxes* did not change from \$204 million primarily due to:

- higher premiums driven by growth of the Stop Loss and Voluntary blocks; and
- higher investment income primarily driven by alternative asset income.

The favorable changes were offset by:

- higher benefits incurred due to growth in business and COVID-19 impacts, partially offset by a lower Voluntary loss ratio; and
- higher distribution expenses, commissions and amortization of intangibles driven by business growth.



## Corporate

The following table presents Adjusted operating earnings before income taxes of Corporate for the periods indicated:

	Year Ended December 31,	
	2021	2020
<i>(\$ in millions)</i>		
<b>Adjusted operating revenues:</b>		
Net investment income and net gains (losses)	\$ 4	\$ 16
Other revenue	96	5
Total adjusted operating revenues	100	21
<b>Operating benefits and expenses:</b>		
Interest credited and other benefits to contract owners/policyholders	—	18
Operating expenses <sup>(1)</sup>	160	142
Interest Expense <sup>(2)</sup>	201	210
Total operating benefits and expenses	361	369
<b>Adjusted operating earnings before income taxes</b>	<b>\$ (261)</b>	<b>\$ (349)</b>

<sup>(1)</sup> Includes expenses from corporate activities, and expenses not allocated to our segments. Years ended December 31, 2021 and 2020 primarily include stranded costs related to the divested businesses and amortization of intangibles.

<sup>(2)</sup> Includes dividend payments made to preferred shareholders.

### Corporate - Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Adjusted operating earnings before income taxes improved \$88 million from a loss of \$349 million to a loss of \$261 million primarily due to:

- revenue resulting from transition services agreements associated with the Individual Life Transaction;
- lower stranded costs in the current period related to the Individual Life Transaction due to increased benefits from cost savings initiatives;
- lower amortization associated with intangibles that became fully amortized in the third quarter of 2020; and
- lower interest expense driven by current year debt extinguishments.

The improvement was partially offset by:

- higher incentive compensation expense in the current period driven by an increase in Adjusted operating earnings before income taxes.

### 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 in segment Adjusted operating earnings before income taxes and the average level of assets in each segment, prior to intercompany eliminations, which excludes alternative investments and income that are a component of Assets held for sale, Income (loss) related to businesses exited or to be exited through reinsurance or divestment and Income (loss) from discontinued operations, net of tax, respectively, and alternative investments and income in Corporate. These alternative investments are carried at fair value, which is estimated based on the net asset value ("NAV") of these funds.

While investment income on these assets can be volatile, based on current plans, we expect to earn 9.0% on these assets over the long-term.

The following table presents the investment income for the years ended December 31, 2021 and 2020, respectively, and the average assets of alternative investments as of the dates indicated:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
<b>Wealth Solutions:</b>		
Alternative investment income .....	\$ 511	\$ 107
Average alternative investments .....	1,360	878
<b>Investment Management:</b>		
Alternative investment income .....	104	15
Average alternative investments .....	309	237
<b>Health Solutions:</b>		
Alternative investment income .....	50	13
Average alternative investments .....	134	99

### ***DAC/VOBA and Other Intangibles Unlocking***

Changes in Adjusted 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". Unlocking, described below, related to DAC, VOBA, DSI and URR, as well as amortization of net cost of reinsurance, are referred to as "DAC/VOBA and other intangibles unlocking."

We amortize DAC/VOBA and other intangibles related to fixed and variable deferred annuity contracts over the estimated lives of the contracts in relation to the emergence of estimated gross profits. 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 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 to income ("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 due to contract changes or contract terminations higher than estimated are also included in "unlocking." 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 all our segments. An unlocking event that results in a charge to income ("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.

The DAC/VOBA and other intangibles unlocking in the table below includes the net impact of the annual review of the assumptions. During the third quarter of 2021 and 2020, we completed our annual review of the assumptions, including projection model inputs, in each of our segments (except for Investment Management, for which assumption reviews are not relevant). As a result of this review, we have made a number of changes to our assumptions resulting in a net favorable impact of \$10 million to Adjusted operating earnings before income taxes in 2021 and a net unfavorable impact of \$175 million to Adjusted operating earnings before income taxes in 2020. The favorable unlocking in third quarter 2021 was driven principally by changes in our asset return assumptions. The unfavorable unlocking in third quarter 2020 was driven principally by reductions in the long-term interest rates of 175 basis points and long-term equity rate of return of 100 basis points in our Wealth Solutions business.

The following table presents the amount of DAC/VOBA and other intangibles unlocking included in Adjusted operating earnings before income taxes for the periods indicated:

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
Wealth Solutions .....	\$ 29	\$ (149)
<b>Total DAC/VOBA and other intangibles unlocking</b> .....	<b>\$ 29</b>	<b>\$ (149)</b>

We also review the estimated gross profits for each of our blocks of business to determine recoverability of DAC/VOBA and other intangibles each period. If these assets are deemed to be unrecoverable, a write-down is recorded that is referred to as loss recognition. During the third quarter of 2021, our reviews did not result in material loss recognition or premium deficiency reserve that impacted Adjusted operating earnings before income taxes. During the third quarter of 2020, our reviews resulted in loss recognition, related to the reductions in long-term interest rates and equity rate of return, of \$68 million, \$10 million of which was reflected in Adjusted operating earnings before income taxes and included in the table above. The remaining \$58 million was excluded from Adjusted operating earnings before income taxes and reflected in Income (loss) from businesses exited or to be exited through reinsurance. See *Critical Accounting Judgments and Estimates* in Part II, Item 7. of this Annual Report on Form 10-K for more information.

### **Liquidity and Capital Resources**

Liquidity refers to our ability to access sufficient sources of cash to meet the requirements of our operating, investing and financing activities. Capital refers to our long-term financial resources available to support business operations and 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 other sources of liquidity and capital described herein.

The following discussion presents a review of our sources and uses of liquidity and capital. This discussion should be read in its entirety and in conjunction with the Off-Balance Sheet Arrangements and Aggregate Contractual Obligations table contained in 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.

#### ***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, equity securities issuance, 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***

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, and proceeds from debt issuances, borrowing facilities and equity securities issuances.

These sources of funds include the \$500 million revolving credit sublimit of our Third Amended and Restated Credit Agreement and reciprocal borrowing facilities maintained with Voya Financial, Inc.'s subsidiaries as well as alternate sources of liquidity described below.

Business divestitures have also provided an important source of liquidity in recent periods, including through a significant increase in excess capital levels as a result of the completion of the Individual Life transaction in January 2021. We estimate that our excess capital (which we define as the amount of capital and surplus in our insurance subsidiaries above our 375% RBC target, plus the amount of holding company liquidity above our \$200 million target) as of December 31, 2021 was approximately \$1.5 billion.

Voya Financial, Inc.'s primary sources and uses of cash for the periods indicated are presented in the following table:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>(\$ in millions)</i>			
<b>Beginning cash and cash equivalents balance</b> .....	\$ 212	\$ 212	\$ 209
<b>Sources:</b>			
Proceeds from loans from subsidiaries, net of repayments <sup>(2)</sup> .....	12	585	65
Dividends and returns of capital from subsidiaries .....	1,633	294	1,064
Proceeds from Resolution Sale .....	672	—	—
Proceeds from issuance of preferred stock, net .....	—	—	293
Amounts received from subsidiaries under tax sharing agreements, net .....	—	231	—
Refund of income taxes, net .....	—	112	128
Proceeds from sale of equity securities, net .....	—	—	121
DCSP Hedge Collateral Movements .....	10	—	—
Sale of Interest in Wholly Owned Subsidiary .....	80	—	—
Asset maturities and investment income, net .....	215	—	—
Other, net .....	—	—	15
<b>Total sources</b> .....	<b>2,622</b>	<b>1,222</b>	<b>1,686</b>
<b>Uses:</b>			
Repurchase of Senior Notes .....	453	—	97
Premium paid and other fees related to debt extinguishment .....	28	—	9
Payment of interest expense .....	130	132	136
Capital provided to subsidiaries <sup>(1)</sup> .....	49	441	3
Repayments of loans from subsidiaries, net of new issuances .....	523	—	—
New issuances of loans to subsidiaries, net of repayments <sup>(2)</sup> .....	—	—	85
Amounts paid to subsidiaries under tax sharing arrangements, net .....	141	—	123
Common stock acquired - Share repurchase .....	1,113	516	1,136
Share-based compensation .....	44	17	22
Dividends paid on preferred stock .....	36	36	28
Dividends paid on common stock .....	80	76	44
Other, net .....	35	4	—
<b>Total uses</b> .....	<b>2,632</b>	<b>1,222</b>	<b>1,683</b>
<b>Net increase (decrease) in cash and cash equivalents</b> .....	<b>(10)</b>	<b>—</b>	<b>3</b>
<b>Ending cash and cash equivalents balance</b> .....	<b>\$ 202</b>	<b>\$ 212</b>	<b>\$ 212</b>

<sup>(1)</sup> Reflects a capital contribution to SLDI of \$315 million during 2020.

<sup>(2)</sup> Reflects netting of intercompany receivable from subsidiaries of \$45 million in 2021 and \$17 million in 2020.

### ***Share Repurchase Program and Dividends to Shareholders***

See the *Shareholders' Equity* Note in Part II, Item 8. of this Annual Report on Form 10-K for information relating to authorizations by the Board of Directors to repurchase our shares and amounts of common stock repurchased pursuant to such authorizations for the years ended December 31, 2021, 2020 and 2019. As of December 31, 2021, we were authorized to repurchase shares up to an aggregate purchase price of \$521 million.

The following table provides a summary of common dividends and repurchases of common shares for the periods indicated:

(\$ in millions)

	Year Ended December 31,		
	2021	2020	2019
Dividends paid on common shares .....	\$ 80	\$ 76	\$ 44
Repurchases of common shares (at cost) .....	1,143	526	1,096
Total .....	\$ 1,223	\$ 602	\$ 1,140

Subsequent to December 31, 2021, the Company repurchased 2,050,270 shares through a 10b5-1 plan for an aggregate purchase price of \$145 million.

### 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. As part of our liquidity management process, we model different scenarios to determine whether existing assets are adequate to meet projected cash flows.

### Capitalization

The primary components of our capital structure consist of debt and equity securities. Our capital position is supported by cash flows within our operating subsidiaries, the availability of borrowed funds under liquidity facilities, and any additional capital we raise to invest in the growth of the business and for general corporate purposes. We manage our capital position based on a variety of factors including, but not limited to, our financial strength, the credit rating of Voya Financial, Inc. and of its insurance company subsidiaries and general macroeconomic conditions.

Non-controlling interest in limited partnerships, a component of Shareholders' Equity on our Consolidated Balance Sheets, increased as a result of favorable market appreciation in limited partnership investments, net of contributions and distributions. See the Consolidated and Nonconsolidated Investment Entities Note to our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for additional details over changes in non-controlling interest during the year and impacting capitalization.

As of December 31, 2021, we had \$1 million of short-term debt borrowings outstanding consisting entirely of the current portion of long-term debt. The following table summarizes our borrowing activities for the year ended December 31, 2021:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Total long-term debt .....	\$ 3,044	\$ —	\$ (453)	\$ 4	\$ 2,595

As of December 31, 2020, we had \$1 million of short-term debt borrowings outstanding consisting entirely of the current portion of long-term debt. The following table summarizes our borrowing activities for the year ended December 31, 2020:

(\$ in millions)	Beginning Balance	Issuance	Maturities and Repayment	Other Changes	Ending Balance
Total long-term debt .....	\$ 3,042	\$ —	\$ —	\$ 2	\$ 3,044

As of December 31, 2021, we were in compliance with our debt covenants.

See the *Financing Agreements* and *Shareholders' Equity* Notes in Part II, Item 8. of this Annual Report on Form 10-K for additional details over changes in debt and equity during the year and impacting capitalization.

## Financial Leverage Ratio

The Financial Leverage Ratio is a measure that we use to monitor the level of our debt relative to our total capitalization. It is influenced by changes in the amount of our Financial obligations (numerator) and changes in our Adjusted capitalization (denominator) which includes Total shareholders' equity. The following table presents the financial leverage ratio for the periods indicated:

	As of December 31,	
	2021	2020
<i>(\$ in millions)</i>		
<b>Financial Debt</b>		
Total financial debt	\$ 2,596	\$ 3,045
Other financial obligations <sup>(1)</sup>	300	485
Total financial obligations	2,896	3,530
<b>Equity<sup>(7)</sup></b>		
Preferred equity <sup>(2)</sup>	612	612
Common equity, excluding AOCI	5,541	4,600
Total shareholders' equity, excluding AOCI	6,153	5,212
AOCI	2,100	4,898
Total Voya Financial, Inc. shareholders' equity	8,253	10,110
Noncontrolling interest	1,568	1,068
Total shareholders' equity	\$ 9,821	\$ 11,178
<b>Capital<sup>(7)</sup></b>		
Capitalization <sup>(3)</sup>	\$ 10,849	\$ 13,155
Adjusted capitalization <sup>(4)</sup>	\$ 12,717	\$ 14,708
<b>Debt-to-Capital<sup>(7)</sup></b>		
Debt-to-Capital Ratio <sup>(5)</sup>	23.9 %	23.1 %
Financial Leverage Ratio <sup>(6)</sup>	27.6 %	28.2 %

<sup>(1)</sup> Includes operating leases, financing leases, and unfunded pension plan after-tax.

<sup>(2)</sup> Includes preferred stock par value and additional paid-in-capital.

<sup>(3)</sup> Includes Total financial debt and Total Voya Financial, Inc. shareholders' equity.

<sup>(4)</sup> Includes Total financial obligations and Total shareholders' equity.

<sup>(5)</sup> Total financial debt divided by Capitalization.

<sup>(6)</sup> Total financial obligations and Preferred equity divided by Adjusted capitalization.

<sup>(7)</sup> 2021 results include impacts related to the close of the Individual Life Transaction for both the sold entities and the businesses that were ceded: Common equity, excluding AOCI, includes the investment gains, net of related intangible amortization and charges, due to the transfer of assets to the comfort trust; AOCI includes the reduction in unrealized gains and related intangible amortization and charges related to transfer of assets to the comfort trust as well as the release of the AOCI related to the sold entities.

Our Financial Leverage Ratio decreased 60 basis points from 28.2% at December 31, 2020 to 27.6% at December 31, 2021. This decrease was primarily driven by debt extinguishment, partially offset by a decrease in Adjusted capitalization. The decrease in Adjusted capitalization was primarily due to repurchases of common stock and a reduction in Accumulated other comprehensive income related to the Life Insurance Transaction and the effect of higher interest rates, partially offset by increases in Net income available to common shareholders and in Noncontrolling interest. For further details about the change in Noncontrolling interest, refer to the *Consolidated and Nonconsolidated Investment Entities* Note in Part II, Item 8. of this Annual Report on Form 10-K.

### *Preferred Stock*

Our ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of our common stock will be substantially restricted in the event that we do not declare and pay (or set aside) dividends on the Series A and Series B preferred stock for the last preceding dividend period.

During the year ended December 31, 2021, we declared and paid dividends of \$20 million and \$16 million on the Series A and Series B preferred stock, respectively. During the year ended December 31, 2020, we declared and paid dividends of \$20 million and \$16 million on the Series A and Series B preferred stock, respectively. During the year ended December 31, 2019, we declared and paid dividends of \$20 million and \$8 million on the Series A and Series B preferred stock, respectively. As of December 31, 2021, there were no preferred stock dividends in arrears. See the Shareholders' Equity Note in Part II, Item 8. of this Annual Report on Form 10-K for further information on preferred stock issuances.

### *Senior Unsecured Credit Facility*

See the *Financing Agreements* Note in Part II, Item 8. of this Annual Report on Form 10-K for information on the senior unsecured credit facility.

### *Other Credit Facilities*

We have historically used credit facilities to provide collateral for affiliated reinsurance transactions with captive insurance subsidiaries. These arrangements, which facilitated the financing of statutory reserve requirements, primarily related to our divested businesses.

See the *Financing Agreements* Note in Part II, Item 8. of this Annual Report on Form 10-K for information on other credit facilities.

### *Voya Financial, Inc. Credit Support of Subsidiaries*

Voya Financial, Inc. provides guarantees to certain of our subsidiaries to support various business requirements:

- Voya Financial, Inc. guarantees the obligations of Voya Holdings under the \$13 million principal amount Equitable Notes maturing in 2027, and provides a back-to-back guarantee to ING Group in respect of its guarantee of \$358 million combined principal amount of Aetna Notes.
- Voya Financial, Inc. and Voya Holdings provide a guarantee of payment of obligations to certain subsidiaries under certain surplus notes held by those subsidiaries.

We did not recognize any asset or liability as of December 31, 2021 in relation to intercompany indemnifications, guarantees or support agreements. As of December 31, 2021, no guarantees existed in which we were required to currently perform under these arrangements.

### *Securities Pledged*

We engage in securities lending whereby certain securities from our portfolio are loaned to other institutions for short periods of time.

See *Business, Basis of Presentation and Significant Accounting Policies and Investments (excluding Consolidated Investment Entities)* Note in Part II, Item 8. of this Annual report on 10-K for further information on our securities lending program.

### *Repurchase Agreements*

We enter into reverse repurchase agreements and engage in dollar repurchase agreements with mortgage-backed securities ("dollar rolls") and repurchase agreements with other collateral types to increase our return on investments and improve liquidity.

See *Business, Basis of Presentation and Significant Accounting Policies and Investments (excluding Consolidated Investment Entities)* Note in Part II, Item 8. of this Annual report on 10-K for further information on repurchase agreements.

## **FHLB**

We are currently a member of the FHLB of Boston and the FHLB of Des Moines and may engage in transactions with FHLB for investment income enhancement and/or liquidity purposes. We are required to maintain a collateral deposit to back any funding agreements issued by the FHLB. We have the ability to obtain funding from the FHLBs, in the form of non-puttable funding agreements, based on a percentage of the value of our assets and subject to the availability of eligible collateral. The types of securities generally pledged include mortgage securities, commercial real estate and U.S. treasury securities. Our borrowing capacity is also limited by the lending value of our assets eligible to be pledged to the FHLB. As of December 31, 2021 and 2020, our available collateral lending value was approximately \$2.4 billion for VRIAC and RLI.

We had \$1,461 million and \$795 million in FHLB funding agreements as of December 31, 2021 and 2020, which are included in Contract owner account balances on the Consolidated Balance Sheets. As of December 31, 2021 and 2020, we had assets with a market value of approximately \$1,881 million and \$1,386 million, respectively, which collateralized the FHLB funding agreements.

### ***Borrowings from Subsidiaries***

We maintain revolving reciprocal loan agreements with a number of our life and non-life insurance subsidiaries that are used to fund short-term cash requirements that arise in the ordinary course of business. Under these agreements, either party may borrow up to the maximum allowable under the agreement for a term not more than 270 days. For life insurance subsidiaries, the amounts that either party may borrow under the agreement vary and are between 2% and 5% of the insurance subsidiary's statutory net admitted assets (excluding separate accounts) as of the previous year end depending on the state of domicile. As of December 31, 2021, the aggregate amount that may be borrowed or lent under agreements with life insurance subsidiaries was \$1.5 billion. For non-life insurance subsidiaries, the maximum allowable under the agreement is based on the assets of the subsidiaries and their particular cash requirements. As of December 31, 2021, Voya Financial, Inc. had \$130 million in outstanding borrowings from subsidiaries and had loaned \$123 million to its subsidiaries.

### ***Collateral - Derivative Contracts***

As of December 31, 2021, we held \$17 million and \$71 million of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. As of December 31, 2020, we held \$5 million and \$140 million of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. In addition, as of December 31, 2021, we delivered \$124 million of securities and held two securities as collateral. As of December 31, 2020, we delivered \$170 million of securities and held no securities as collateral. See the *Derivatives* Note in Part II, Item 8. Of this Annual report on 10-K for information on collateral for derivatives.

### ***Ratings***

Our access to funding and our related cost of borrowing, collateral requirements for derivative instruments and the attractiveness of certain of our products to customers are affected by our credit ratings and insurance financial strength ratings, which are periodically reviewed by the rating agencies. Financial strength ratings and credit ratings are important factors affecting public confidence in an insurer and its competitive position in marketing products. Credit ratings are also important to our ability to raise capital through the issuance of debt and for the cost of such financing.

A downgrade in our credit ratings or the credit or financial strength ratings of our rated subsidiaries could have a material adverse effect on our results of operations and financial condition. See *Risk Factors- 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* in Part I, Item 1A. of this Annual Report on Form 10-K.

Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. These ratings are not a recommendation to buy or hold any of our securities and they may be revised or revoked at any time at the sole discretion of the rating organization.



The financial strength and credit ratings of Voya Financial, Inc. and its principal subsidiaries as of the date of this Annual Report on Form 10-K are summarized in the following table.

	Rating Agency			
	A.M. Best ("A.M. Best") <sup>(1)</sup>	Fitch, Inc. ("Fitch") <sup>(2)</sup>	Moody's Investors Service, Inc. ("Moody's") <sup>(3)</sup>	Standard & Poor's ("S&P") <sup>(4)</sup>
<b>Long-term Issuer Credit Rating/Outlook:</b>				
Voya Financial, Inc. ....	(5)	BBB+/stable	Baa2/stable	BBB+/Stable
<b>Financial Strength Rating/Outlook:</b>				
Voya Retirement Insurance and Annuity Company ...	(5)	A/stable	A2/stable	A+/Stable
ReliaStar Life Insurance Company .....	A/stable	A/stable	A2/stable	A+/Stable
ReliaStar Life Insurance Company of New York .....	A/stable	A/stable	A2/stable	A+/Stable

<sup>(1)</sup> A.M. Best's financial strength ratings for insurance companies range from "A++ (superior)" to "s (suspended)." Long-term credit ratings range from "aaa (exceptional)" to "s (suspended)."

<sup>(2)</sup> Fitch's financial strength ratings for insurance companies range from "AAA (exceptionally strong)" to "C (distressed)." Long-term credit ratings range from "AAA (highest credit quality)," which denotes exceptionally strong capacity for timely payment of financial commitments, to "D (default)."

<sup>(3)</sup> Moody's financial strength ratings for insurance companies range from "Aaa (exceptional)" to "C (lowest)." Numeric modifiers are used to refer to the ranking within the group with 1 being the highest and 3 being the lowest. These modifiers are used to indicate relative strength within a category. Long-term credit ratings range from "Aaa (highest)" to "C (default)."

<sup>(4)</sup> S&P's financial strength ratings for insurance companies range from "AAA (extremely strong)" to "D (default)." Long-term credit ratings range from "AAA (extremely strong)" to "D (default)."

<sup>(5)</sup> Effective April 11, 2019, A.M. Best withdrew, at the Company's request, its financial strength ratings with respect to Voya Financial, Inc. and Voya Retirement Insurance and Annuity Company.

Rating agencies use an "outlook" statement for both industry sectors and individual companies. For an industry sector, a stable outlook generally implies that over the next 12 to 18 months the rating agency expects ratings to remain unchanged among companies in the sector. For a particular company, an outlook generally indicates a medium- or long-term trend in credit fundamentals, which if continued, may lead to a rating change. In June of 2021, Moody's revised its outlook for the U.S. life insurance sector from negative to stable. In December of 2021, A.M. Best revised its outlook on the U.S. life insurance sector from negative to stable. Also in December 2021, Fitch revised its outlook for the U.S. life insurance sector from negative to neutral.

## Reinsurance

We reinsure our business through a diversified group of well capitalized, highly rated reinsurers. However, we remain liable to the extent our reinsurers do not meet their obligations under the reinsurance agreements. We monitor trends in arbitration and any litigation outcomes with our reinsurers. Collectability of reinsurance balances are evaluated by monitoring ratings and evaluating the financial strength of our reinsurers. Large reinsurance recoverable balances with offshore or other non-accredited reinsurers are secured through various forms of collateral, including secured trusts, funds withheld accounts and irrevocable LOCs.

The S&P financial strength rating of our reinsurers with our largest reinsurance recoverable balances are A- rated or better. These reinsurers are (i) Resolution Life US and its subsidiaries, (ii) Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York and subsidiaries of Lincoln National Corporation ("Lincoln"), and (iii) RGA Reinsurance Company. Only those reinsurance recoverable balances where recovery is deemed probable are recognized as assets on our Consolidated Balance Sheets.

In connection with the Individual Life Transaction on January 4, 2021, RLI, RLNY, and VRIAC entered into reinsurance agreements with SLD. Pursuant to these agreements, RLI and VRIAC reinsured to SLD a 100% quota share, and RLNY reinsured to SLD a 75% quota share, of their respective individual life insurance and annuities businesses. RLI, RLNY, and VRIAC remain subsidiaries of our Company.

For additional information regarding our reinsurance recoverable balances, see Quantitative and Qualitative Disclosures About Market Risk in Part II, Item 7A. and the Reinsurance Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

## ***Pension and Postretirement Plans***

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 Pension Benefit Guaranty Corporation ("PBGC") and any funding relief that might be enacted by Congress. Contributions to our non-qualified plans and other postretirement and post-employment plans are funded from general assets of the respective sponsoring subsidiary company as benefits are paid.

For additional information on our pension and postretirement plan arrangements, see the *Employee Benefit Arrangements* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

## ***Restrictions on Dividends and Returns of Capital from Subsidiaries***

Our business is conducted through operating subsidiaries. U.S. insurance laws and regulations regulate the payment of dividends and other distributions by our U.S. insurance subsidiaries 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 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 of our principal insurance subsidiaries domiciled in Connecticut and Minnesota (these insurance subsidiaries are referred to collectively as our "Principal Insurance Subsidiaries"), 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.

Our Principal Insurance Subsidiary domiciled in Connecticut has ordinary dividend capacity for 2021. However, as a result of the extraordinary dividends it paid in 2015, 2016 and 2017, together with deferred gains on reinsurance in connection with historical recaptures and cessions of term life insurance business including the recent Individual Life Transaction, our Principal Insurance Subsidiary domiciled in Minnesota currently has negative earned surplus and cannot make ordinary dividend payments. Any extraordinary dividend payment would be subject to domiciliary insurance regulatory approval, which can be granted or withheld at the discretion of the regulator.

For a summary of applicable laws and regulations governing dividends, see the Insurance Subsidiaries Dividend Restrictions section of the *Insurance Subsidiaries* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

The following table summarizes dividends permitted to be paid by our Principal Insurance Subsidiaries to Voya Financial, Inc. or Voya Holdings without the need for insurance regulatory approval and dividends and extraordinary distributions paid by each of our Principal Insurance Subsidiaries to its parent for the periods indicated:

	<b>Dividends Permitted without Approval</b>		<b>Dividends Paid</b>		<b>Extraordinary Distributions Paid</b>	
			<b>Year Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>						
<b>Subsidiary Name (State of domicile):</b>						
Voya Retirement Insurance and Annuity Company ("VRIAC") (CT) .....	\$ 522	\$ 372	\$ 78	294	\$ 474	\$ —
ReliaStar Life Insurance Company ("RLI") (MN) .....	—	—	—	—	358	—

## ***Other Subsidiaries - Dividends, Returns of Capital, and Capital Contributions***

We may receive dividends from or contribute capital to our wholly owned non-life insurance subsidiaries such as broker-dealers, investment management entities and intermediate holding companies. For the year ended December 31, 2021, dividends, net of capital contributions, received by Voya Financial, Inc. and Voya Holdings from non-life subsidiaries was \$606 million, of which \$112 million was a net non-cash contribution to the non-life subsidiaries. For the year ended December 31, 2020, dividends net of capital contributions received by Voya Financial, Inc. and Voya Holdings from non-life subsidiaries was \$13 million.

### ***Statutory Capital and Risk-Based Capital of Principal Insurance Subsidiaries***

Each of our wholly owned Principal Insurance Subsidiaries is subjected to minimum risk based capital ("RBC") requirements established by the insurance departments of their applicable state of domicile. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital ("TAC"), as defined by the NAIC, to RBC requirements, as defined by the NAIC. Each of our U.S. insurance subsidiaries exceeded the minimum RBC requirements that would require regulatory or corrective action for all periods presented herein. Our estimated RBC ratio on a combined basis for our Principal Insurance Subsidiaries, with adjustments for certain intercompany transactions, was approximately 550% as of December 31, 2021. We also established a new RBC target of 375%, effective December 31, 2021.

Our wholly owned insurance subsidiaries are required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile of the respective insurance subsidiary. Statutory accounting practices primarily differ from U.S. GAAP by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions as well as valuing investments and certain assets and accounting for deferred taxes on a different basis. Certain assets that are not admitted under statutory accounting principles are charged directly to surplus. Depending on the regulations of the insurance department of the state of domicile, the entire amount or a portion of an asset balance can be non-admitted depending on specific rules regarding admissibility. The most significant non-admitted assets are typically a portion of deferred tax assets in excess of prescribed thresholds.

For a summary of statutory capital and surplus of our Principal Insurance Subsidiaries, see the *Insurance Subsidiaries* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

The following table summarizes the estimated ratio of TAC to CAL on a combined basis primarily for our Principal Insurance Subsidiaries adjusted for an intercompany loan of \$130 million as of December 31, 2021, and pro forma for the Individual Life Transaction and adjusted for an intercompany loan of \$653 million as of December 31, 2020.

<i>(\$ in millions)</i>			<i>(\$ in millions)</i>		
<b>As of December 31, 2021</b>			<b>As of December 31, 2020</b>		
<b>CAL</b>	<b>TAC</b>	<b>Ratio</b>	<b>CAL</b>	<b>TAC</b>	<b>Ratio</b>
\$ 834	\$ 4,584	550 %	\$ 767	\$ 3,823	498 %

For additional information regarding RBC, see *Business-Regulation-Insurance Regulation* in Part I, Item 1. of this Annual Report on Form 10-K.

## Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

The following table presents our on- and off- balance sheet contractual obligations due in various periods as of December 31, 2021. The payments reflected in this table are based on our estimates and assumptions about these obligations and consequently the actual cash outflows in future periods will vary, possibly materially, from those presented in the table.

(\$ in millions)	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
<b>Contractual Obligations:</b>					
Purchase obligations <sup>(1)</sup>	\$ 993	\$ 948	\$ 45	\$ —	\$ —
Reserves for insurance obligations <sup>(2)(3)</sup>	59,389	3,950	6,818	7,276	41,345
Retirement and other plans <sup>(4)</sup>	1,701	157	318	330	896
Short-term and long-term debt obligations <sup>(5)</sup>	5,844	140	444	882	4,378
Operating leases <sup>(6)</sup>	133	33	49	25	26
Finance leases <sup>(7)</sup>	23	21	2	—	—
Securities lending, repurchase agreements and collateral held <sup>(8)</sup>	1,300	1,195	—	—	105
<b>Total<sup>(9)</sup></b>	<b>\$ 69,383</b>	<b>\$ 6,444</b>	<b>\$ 7,676</b>	<b>\$ 8,513</b>	<b>\$ 46,750</b>

<sup>(1)</sup> Purchase obligations consist primarily of outstanding commitments under alternative investments that may occur any time within the terms of the partnership and private loans. The exact timing, however, of funding these commitments related to partnerships and private loans cannot be estimated. Therefore, the amount of the commitments related to partnerships and private loans is included in the category "Less than 1 Year."

<sup>(2)</sup> Reserves for insurance obligations consist of amounts required to meet our future obligations for future policy benefits and contract owner account balances. Amounts presented in the table represent estimated cash payments under such contracts, including significant assumptions related to the receipt of future premiums, mortality, morbidity, lapse, renewal, retirement, disability and annuitization comparable with actual experience. These assumptions also include market growth and interest crediting consistent with assumptions used in amortizing DAC. Estimated cash payments are undiscounted for the time value of money. Accordingly, the sum of cash flows presented of \$59.4 billion significantly exceeds the sum of Future policy benefits and Contract owner account balances of \$52.8 billion recorded on our Consolidated Balance Sheets as of December 31, 2021. Estimated cash payments are also presented gross of reinsurance. Due to the significance of the assumptions used, the amounts presented could materially differ from actual results.

<sup>(3)</sup> Contractual obligations related to certain closed blocks that were divested through reinsurance to third parties with reserves in the amount of \$1.1 billion, have been excluded from the table. Although we are not relieved of legal liability to the contract holder for these closed blocks, third-party collateral of \$1.4 billion has been provided for the payment of the related insurance obligations. The sufficiency of collateral held for any individual block may vary.

<sup>(4)</sup> Includes estimated benefit payments under our qualified and non-qualified pension plans, estimated benefit payments under our other postretirement benefit plans, and estimated payments of deferred compensation based on participant elections and an average retirement age.

<sup>(5)</sup> The estimated payments due by period for long-term debt reflects the contractual maturities of principal, as well as estimated future interest payments. The payment of principal and estimated future interest for short-term debt are reflected in estimated payments due in less than one year. See the *Financing Agreements* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for additional information concerning the short-term and long-term debt obligations.

<sup>(6)</sup> Operating leases consist primarily of outstanding commitments for office space, equipment and automobiles.

<sup>(7)</sup> Finance lease obligation is associated with a service contract.

<sup>(8)</sup> Securities loan, repurchase agreements, and collateral held represent the liability to return collateral received from counterparties under securities lending agreements, OTC derivative and cleared derivative contracts as well as the obligations related to borrowings under repurchase agreements. Securities lending agreements include provisions which permit us to call back securities with minimal notice and accordingly, the payable is classified as having a term of less than 1 year. Additionally, Securities lending agreements and collateral held include off-balance sheet non-cash collateral of \$117 million and \$96 million, respectively.

<sup>(9)</sup> Unrecognized tax benefits are excluded from the table due to immateriality. In addition, in 2015 we entered into a put option agreement with a Delaware trust that gives Voya Financial, Inc. the right, at any time over a 10-year period, to issue up to \$500 million of senior notes to the trust in return for principal and interest strips of U.S. Treasury securities that are held by the trust. See Liquidity-Put Option Agreement for Senior Debt Issuance for more information on this agreement.

## Critical Accounting Judgments and Estimates

### General

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Critical estimates and assumptions are evaluated on an on-going basis based on historical developments, market conditions, industry trends and other information that is reasonable under the circumstances. There can be no assurance that actual results will conform to estimates and assumptions and that reported results of operations will not be materially affected by the need to make future accounting adjustments to reflect changes in these estimates and assumptions from time to time. The inputs into our estimates and assumptions consider the economic implications of COVID-19 on our critical and significant accounting estimates. Those estimates are inherently subject to change and actual

results could differ from those estimates, and the differences may be material to the accompanying Consolidated Financial Statements.

We have identified the following accounting judgments and estimates as critical in that they involve a higher degree of judgment and are subject to a significant degree of variability:

- Reserves for future policy benefits;
- DAC, VOBA and other intangibles (collectively, "DAC/VOBA and other intangibles");
- Valuation of investments and derivatives;
- Impairments;
- Income taxes;
- Contingencies; and
- Employee benefit plans.

In developing these accounting estimates, we make subjective and complex judgments that are inherently uncertain and subject to material changes as facts and circumstances develop. Although variability is inherent in these estimates, we believe the amounts provided are appropriate based on the facts available upon preparation of the Consolidated Financial Statements.

The above critical accounting estimates are described in the *Business, Basis of Presentation and Significant Accounting Policies* Note and the *Discontinued Operations* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

### ***Reserves for Future Policy Benefits***

The determination of future policy benefit reserves is dependent on actuarial assumptions. 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, morbidity, policy lapse, contract renewal, payment of subsequent premiums or deposits by the contract owner, retirement, investment returns, inflation, benefit utilization and expenses. The assumptions used require considerable judgments. Changes in, or deviations from, the assumptions used can significantly affect our reserve levels and related results of operations.

- Mortality is the incidence of death among policyholders triggering the payment of underlying insurance coverage by the insurer. In addition, mortality also refers to the ceasing of payments on life-contingent annuities due to the death of the annuitant. We utilize a combination of actual and industry experience when setting our mortality assumptions.
- A lapse rate is the percentage of in-force policies surrendered by the policyholder or canceled by us due to non-payment of premiums.

See the *Reserves for Future Policy Benefits and Contract Owner Account Balances* Note and the *Guaranteed Benefit Features* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for further information on our reserves for future policy benefits, contract owner account balances and product guarantees.

### ***Insurance and Other Reserves***

Reserves for traditional life insurance contracts (term insurance, participating and non-participating whole life insurance and traditional group life insurance) and accident and health insurance represent the present value of future benefits to be paid to or on behalf of contract owners and related expenses, less the present value of future net premiums. Assumptions, which are "locked-in" at inception of the contracts, include interest rates, mortality, expenses and persistency and are based on our estimates of anticipated experience at the period the policy is sold or acquired, including a provision for adverse deviation. Interest rates used to calculate the present value of these reserves ranged from 1.5% to 7.7%. Due to the locked-in assumptions, sensitivity associated with these contracts do not result in significant impacts to our results of operations.

Reserves for payout contracts with life contingencies are equal to the present value of expected future payments. Assumptions, which are locked-in at inception of the contracts, include interest rates, mortality and expenses, and are based on our estimates of anticipated experience at the period the policy is sold or acquired, including a provision for adverse deviation. Such assumptions generally vary by annuity plan type, year of issue and policy duration. Interest rates used to calculate the present value of future benefits ranged from 2.3% to 5.3%. Due to the locked-in assumptions, sensitivity associated with these contracts do not result in significant impacts to our results of operations.

Although assumptions are locked-in upon the issuance of traditional life insurance contracts, certain accident and health insurance contracts and payout contracts with life contingencies, significant changes in experience or assumptions may require us to provide for expected future losses on a product by establishing premium deficiency reserves. Premium deficiency reserves are determined based on best estimate assumptions that exist at the time the premium deficiency reserve is established and do not include a provision for adverse deviation. See "Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles" below for premium deficiency reserves established during 2021 and 2020.

#### *Product Guarantees and Index-crediting Features*

The assumptions used to establish the liabilities for our product guarantees require considerable judgment and are established as management's best estimate of future outcomes. We periodically review these assumptions and, if necessary, update them based on additional information that becomes available. Changes in, or deviations from, the assumptions used can significantly affect our reserve levels and related results of operations.

*Stabilizer and MCG:* We also issue stabilizer ("Stabilizer") contracts that contain embedded derivatives that are measured at estimated fair value separately from the host contracts. The managed custody guarantee product ("MCG") is a stand-alone derivative and is measured in its entirety at estimated fair value.

The estimated fair value of the Stabilizer embedded derivative and MCG stand-alone derivative is determined based on the present value of projected future claims, minus the present value of future guaranteed premiums. At inception of the contract, we project a guaranteed premium to be equal to the present value of the projected future claims. The income associated with the contracts is projected using actuarial and capital market assumptions, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are projected under multiple capital market scenarios using observable risk-free rates and other best estimate assumptions.

The liabilities for Stabilizer embedded derivatives and the MCG stand-alone derivative include a risk margin to capture uncertainties related to policyholder behavior assumptions. The margin represents additional compensation a market participant would require to assume these risks.

The discount rate used to determine the fair value of the liabilities for our Stabilizer embedded derivatives and the MCG stand-alone derivative includes an adjustment to reflect the risk that these obligations will not be fulfilled ("nonperformance risk"). Our nonperformance risk adjustment is based on a blend of observable, similarly rated peer holding company credit spreads, adjusted to reflect the credit quality of our individual insurance subsidiary that issued the guarantee, as well as an adjustment to reflect the non-default spreads and the priority and recovery rates of policyholder claims.

*Universal and Variable Universal Life:* Reserves for UL and variable universal life ("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.

See *Quantitative and Qualitative Disclosures About Market Risk* in Part II, Item 7A. of this Annual Report on Form 10-K for additional information regarding specific hedging strategies we utilize to mitigate risk for the product guarantees, as well as sensitivities of the embedded derivative and stand-alone derivative liabilities to changes in certain capital markets assumptions.

#### ***Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles***

DAC represents policy acquisition costs that have been capitalized and are subject to amortization and interest. VOBA represents the outstanding value of in-force business acquired and is subject to amortization and interest. 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. URR relates to UL and VUL products and represents policy charges for benefits or services to be provided in future periods.

Collectively, we refer to DAC, VOBA, DSI and URR as "DAC/VOBA and other intangibles".

## *Assumptions and Periodic Review*

Assumptions deemed critical to the DAC/VOBA and other intangibles estimates include the long-term equity rate of return, long-term interest rate, and future mortality. Changes in assumptions can have a significant impact on DAC/VOBA and other intangibles balances, amortization rates, reserve levels, and results of operations. Assumptions are management's best estimates of future outcome. We periodically review these assumptions against actual experience and, based on additional information that becomes available, update our assumptions. Deviation of emerging experience from our assumptions could have a significant effect on our DAC/VOBA and other intangibles, reserves, and the related results of operations. During the third quarter of 2021 and 2020, we conducted our annual review of assumptions, including projection model inputs and made a number of changes to our assumptions which impacted the results of our segments included in our Net income (loss).

For the third quarter of 2021, the impact of annual assumption changes on Adjusted operating earnings before income taxes was \$10 million favorable DAC/VOBA unlocking associated with our continuing operations. This was fully offset by \$15 million unfavorable DAC/VOBA unlocking associated with our divested businesses and excluded from Adjusted operating earnings before income taxes for the current period. The favorable DAC/VOBA unlocking in our continuing operations for the current period was primarily driven by changes in asset return assumptions. DAC/VOBA unlocking is reflected in Net amortization of DAC/VOBA in the Consolidated Statements of Operations.

During the third quarter of 2021, and as a result of the annual review of assumptions, we recorded loss recognition of \$136 million for DAC/VOBA and established premium deficiency reserves of \$225 million, both of which were related to our divested businesses and excluded from Adjusted operating earnings for the current period. Loss recognition related to DAC/VOBA and premium deficiency reserves were recorded in Net amortization of DAC/VOBA and Interest credited to contract owner account balances, respectively in the Consolidated Statements of Operations.

During the first quarter of 2021, and as a result of the close of the Individual Life transaction, we reviewed our blocks of business to determine recoverability of DAC/VOBA and other intangibles. This review resulted in the write down of DAC/VOBA and recording loss recognition of \$302 million associated with DAC/VOBA and the establishment of premium deficiency reserves of \$221 million in our divested businesses. The loss recognition and establishment of premium deficiency reserves were recorded in the Consolidated Statements of Operations and excluded from Adjusted operating earnings.

During the third quarter of 2020, we conducted our annual review of assumptions and made changes which impacted our segments' results of operations, as well as the results of discontinued operations described below. The impact of assumption changes on our results from continuing operations was unfavorable unlocking of \$383 million, of which \$165 million was included in Adjusted operating earnings before income taxes for the current period. The impact of the annual review of assumptions on our discontinued operations resulted in unfavorable unlocking of \$193 million which was reported in Income (loss) from discontinued operations for the current period. Unlocking in the third quarter of 2020 was primarily driven by changes in long term interest and equity rates.

During the third quarter of 2020, and as a result of the annual review of assumptions, we recorded loss recognition associated with certain blocks of reserves associated with our continuing and discontinued operations. Loss recognition recorded in continuing operations was \$171 million, of which \$10 million was reflected in Adjusted operating earnings before income taxes. Loss recognition recorded in discontinued operations was \$26 million and was reported Income (loss) from discontinued operations, net of tax.

For further information, see the *DAC/VOBA and Other Intangibles Unlocking* section of the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part 2, Item 7. of this Annual Report on Form 10-K for further information.

## *Sensitivity*

We perform sensitivity analyses to assess the impact that certain assumptions have on DAC/VOBA and other intangibles, as well as certain reserves. The following table presents the estimated instantaneous net impact to income from continuing and discontinued operations of various assumption changes on our DAC/VOBA and other intangible balances and the impact on related reserves for future policy benefits and reinsurance. The effects are not representative of the aggregate impacts that could result if a combination of such changes to equity markets, interest rates and other assumptions occurred.

<i>(\$ in millions)</i>	<b>As of December 31, 2021</b>
Decrease in long-term equity rate of return assumption by 100 basis points .....	\$ (29)
A change to the long-term interest rate assumption of -50 basis points .....	(34)
A change to the long-term interest rate assumption of +50 basis points .....	24
An assumed increase in future mortality by 1% .....	—

Lower assumed equity rates of return, lower assumed interest rates, increased assumed future mortality and decreased equity market values generally decrease DAC/VOBA and other intangibles and increase future policy benefits, thus decreasing income before income taxes. Higher assumed interest rates generally increase DAC/VOBA and other intangibles and decrease future policy benefits, thus increasing income before income taxes.

### ***Valuation of Investments and Derivatives***

Our investment portfolio includes certain investments recorded at fair value and consists of public and private fixed maturity securities, commercial mortgage and other loans, equity securities, short-term investments, other invested assets and derivative financial instruments. We enter into interest rate, equity market, credit default and currency contracts, including swaps, futures, forwards, caps, floors and options, to reduce and manage various risks associated with changes in value, yield, price, cash flow or exchange rates of assets or liabilities held or intended to be held, or to assume or reduce credit exposure associated with a referenced asset, index or pool. We also utilize options and futures on equity indices to reduce and manage risks associated with our universal-life type and annuity products.

See the *Investments (excluding Consolidated Investment Entities)* Note and the *Derivative Financial Instruments* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for further information.

### ***Investments***

We measure the fair value of our financial assets and liabilities based on assumptions used by market participants in pricing the asset or liability, which may include inherent risk, restrictions on the sale or use of an asset, or nonperformance risk, including our own credit risk. The estimate of fair value is the price that would be received to sell an asset or paid to transfer a liability ("exit price") in an orderly transaction between market participants in the principal market, or the most advantageous market in the absence of a principal market, for that asset or liability. We use a number of valuation sources to determine the fair values of our financial assets and liabilities, including quoted market prices, third-party commercial pricing services, third-party brokers, industry-standard, vendor-provided software that models the value based on market observable inputs, and other internal modeling techniques based on projected cash flows.

We categorize our financial instruments into a three-level hierarchy based on the priority of the inputs to the 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). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

When available, the estimated fair value of securities is based on quoted prices in active markets that are readily and regularly obtainable. When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, including discounted cash flows, matrix pricing or other similar techniques. Inputs to these methodologies include, but are not limited to, market observable inputs such as benchmark yields, credit quality, issuer spreads, bids, offers and cash flow characteristics of the security. For privately placed bonds, we also consider such factors as the net worth of the borrower, value of the collateral, the capital structure of the borrower, the presence of guarantees, and the borrower's ability to compete in its relevant market. Valuations are reviewed and validated monthly by an internal valuation committee using price variance reports, comparisons to internal pricing models, back testing of recent trades, and monitoring of trading volumes, as appropriate.

The valuation of financial assets and liabilities involves considerable judgment, is subject to considerable variability, is established using management's best estimate, and is revised as additional information becomes available. As such, changes in, or deviations from, the assumptions used in such valuations can significantly affect our results of operations. Financial markets



are subject to significant movements in valuation and liquidity, which can impact our ability to liquidate and the selling price that can be realized for our securities.

### *Derivatives*

Derivatives are carried at fair value, which is determined by using observable key financial data, such as yield curves, exchange rates, S&P 500 prices, London Interbank Offered Rates ("LIBOR") and Overnight Index Swap Rates ("OIS") or through values established by third-party sources, such as brokers. Valuations for our futures contracts are based on unadjusted quoted prices from an active exchange. Counterparty credit risk is considered and incorporated in our valuation process through counterparty credit rating requirements and monitoring of overall exposure. Our own credit risk is also considered and incorporated in our valuation process.

We have certain CDS and options that are priced by third party vendors or by using models that primarily use market observable inputs, but contain inputs that are not observable to market participants.

We also have investments in certain fixed maturities and have issued certain universal life-type and annuity products that contain embedded derivatives for which fair value is at least partially determined by levels of or changes in domestic and/or foreign interest rates (short-term or long-term), exchange rates, prepayment rates, equity markets, or credit ratings/spreads. The fair values of these embedded derivatives are determined using prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. For additional information regarding the valuation of and significant assumptions associated with embedded derivatives and stand-alone derivatives associated with certain universal life-type and annuity contracts, see "Reserves for Future Policy Benefits" above.

In addition, we have entered into coinsurance with funds withheld and modified coinsurance reinsurance arrangements that contain embedded derivatives. The fair value of the embedded derivatives is based on the change in the fair value of the underlying assets held in the trust using the valuation methods and assumptions described for our investments held.

The valuation of derivatives involves considerable judgment, is subject to considerable variability, is established using management's best estimate and is revised as additional information becomes available. As such, changes in, or deviations from, these assumptions used in such valuations can have a significant effect on the results of operations.

For additional information regarding the fair value of our investments and derivatives, see the *Fair Value Measurements (excluding Consolidated Investment Entities)* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K. For additional information regarding the sensitivities of interest rate risk and equity market price risk and impact on investments and derivatives, see the *Quantitative and Qualitative Disclosures About Market Risk* in Part II, Item 7A. of this Annual Report on Form 10-K.

### ***Impairments***

Fixed maturities, available-for-sale, and mortgage loans on real estate can be subject to credit impairment, which can have a significant effect on the results of operations. Refer to 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 an understanding of our methodology and significant inputs considered within the allowance for credit losses and impairments. For additional information regarding the evaluation process for credit impairments, refer to the *Investments (excluding Consolidated Investment Entities)* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

### ***Income Taxes***

#### *Valuation Allowances*

We use certain assumptions and estimates in determining the income taxes payable or refundable for the current year, the deferred income tax liabilities and assets for items recognized differently in our Consolidated Financial Statements from amounts shown on our income tax returns and the federal income tax expense. Determining these amounts requires analysis and interpretation of current tax laws and regulations, including the loss limitation rules associated with change in control. We exercise considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets, which resulted in a release of a significant portion of our remaining valuation allowance in the current year.

For additional understanding over the Company's valuation allowance, refer to the *Business, Basis of Presentation and Significant Accounting Policies* Note in Part II, Item 8. of this Annual report on Form 10-K.

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. We do not expect the annual limitation to impact our ability to utilize the losses or credits.

For further information on our income taxes, including information on the valuation allowance release, see the *Income Taxes* Note to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

#### *Tax Contingencies*

We recognize the tax benefit from an uncertain tax position only if it is more likely than not to be sustained under examination by the applicable taxing authority. We also consider positions that have been reviewed and agreed to as part of an examination by the applicable taxing authority. For items that meet the more-likely-than-not recognition threshold, we measure the tax position as the largest amount of benefit that is more than 50% likely to be realized upon ultimate resolution with the applicable tax authority that has full knowledge of all relevant information. Tax positions that do not meet the more-likely-than-not standard are not recognized.

#### *Changes in Law*

Certain changes or future events, such as changes in tax legislation, geographic mix of earnings, completion of tax audits, planning opportunities and expectations about future outcomes could have an impact on our estimates of deferred taxes, valuation allowances, tax provisions and effective tax rates.

#### *Contingencies*

For information regarding our contingencies, see the *Commitments and Contingencies* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

#### *Employee Benefits Plans*

We sponsor defined benefit pension and other postretirement benefit plans covering eligible employees, sales representatives and other individuals. For accounting policies related to our employee benefit plans, see 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.

The table below summarizes the components of the net actuarial (gains) losses related to pension obligations recognized within Operating expenses in our Consolidated Statements of Operations for the periods indicated:

<i>(Gain)/Loss Recognized (\$ in millions)</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Discount Rate .....	\$ (102)	\$ 208	\$ 292
Asset Returns .....	48	(190)	(263)
Mortality Table Assumptions .....	7	(21)	(22)
Demographic Data and other .....	15	1	(11)
Total Net Actuarial (Gain)/Loss Recognized .....	<u>\$ (32)</u>	<u>\$ (2)</u>	<u>\$ (4)</u>

For the year ended December 31, 2021, we increased our pension plans discount rate by 0.33% resulting in a decrease in our benefit obligations and a corresponding actuarial gain of \$102 million. This increase in the discount rate was driven by increase in the 30-year Treasury and corporate AA yields. For the year ended December 31, 2020, we decreased our pension plans discount rate by 0.69% resulting in an increase in our benefit obligations and a corresponding actuarial loss of \$208 million. This decrease in the discount rate was driven by decrease in the 30-year Treasury and corporate AA yields. For the year ended December 31, 2019, we decreased our pension plans discount rate by 1.1%, resulting in an increase in our benefit obligations and a corresponding actuarial loss of \$292 million. This decrease in the discount rate was driven by decrease in the 30-year Treasury and corporate AA yields.

Our expected long-term rate of return on our Voya Retirement Plan (the "Retirement Plan") assets was 5.60% and 6.25% for 2021 and 2020, respectively. Our expected return on plan assets is calculated using 30-year forward looking assumptions based on the long-term target asset allocation. In 2021, the actual return on our Retirement Plan assets was approximately 4.14%, resulting in an actuarial loss of \$48 million. In 2020, the actual return on our Retirement Plan assets was approximately 15.6%, resulting in an actuarial gain of \$190 million. In 2019, the actual return on our Retirement Plan assets was approximately 24.4%, resulting in an actuarial gain of \$263 million.

In October 2021, the Society of Actuaries ("SOA") released and we adopted new mortality improvement projection scales (MP-2021) that projected a higher rate of mortality improvement than what was issued in 2020. These mortality assumption changes increased our total benefit liability by less than 1% in 2021 and contributed \$7 million to the net actuarial gain for the year ended December 31, 2021. Changes in mortality assumptions in 2020 and 2019 contributed \$(21) million and \$(22) million, respectively, to the net actuarial (gain)/loss in those periods.

The Retirement Plan is a tax qualified defined benefit plan, the benefits of which are guaranteed (within certain specified legal limits) by the Pension Benefit Guaranty Corporation ("PBGC"). Beginning January 1, 2012, the Retirement Plan adopted a cash balance pension formula instead of a final average pay ("FAP") formula, allowing all eligible employees to participate in the Retirement Plan. Participants earn an annual credit equal to 4% of eligible compensation. Interest is credited monthly based on a 30-year U.S. Treasury securities bond rate published by the IRS in the preceding August of each year. The accrued vested cash pension balance benefit is portable; participants can take it if they leave us.

#### *Sensitivity*

The discount rate and expected rate of return assumptions relating to our defined benefit pension plans have historically had the most significant effect on our net periodic benefit costs and the projected and accumulated projected benefit obligations associated with these plans.

The discount rates are based on current market information provided by plan actuaries. The discount rate modeling process involves selecting a portfolio of high quality, non-callable bonds that will match the cash flows of the defined benefit pension plans. The weighted average discount rate in 2021 for the net periodic benefit cost was 2.67% for defined benefit pension plans. The discount rate as of December 31, 2021 for the benefit obligation of our pension plans was 3.00%.

As of December 31, 2021, the sensitivities of the effect of a change in the discount rate are as presented below. This represents the estimate of actuarial gains (losses) that would be recognized immediately through Operating expenses in our Consolidated Statements of Operations:

<i>(\$ in millions)</i>	<b>Increase (Decrease) in Net Periodic Benefit Cost-Pension Plans</b>
Increase in discount rate by 100 basis points .....	\$ (267)
Decrease in discount rate by 100 basis points .....	330
	<b>Increase (Decrease) in Pension Benefit Obligation</b>
<i>(\$ in millions)</i>	
Increase in discount rate by 100 basis points .....	\$ (267)
Decrease in discount rate by 100 basis points .....	330

The discount rate to be used to determine interest cost for 2022 is 3.00%. The estimated impact of this change as well as actuarial gain on discount rate experienced during 2021 is expected to increase our net periodic pension cost by approximately \$5 million.

The expected rate of return considers the asset allocation, historical returns on the types of assets held and current economic environment. Based on these factors, we expect that the assets will earn an average percentage per year over the long term. This estimation is based on an active return on a compound basis, with a reduction for administrative expenses and manager fees paid to non-affiliated companies from the assets. For estimation purposes, we assume the long-term asset mix will be consistent with the current mix. Changes in the asset mix could impact the amount of recorded pension income or expense, the funded status of the Retirement Plan and the need for future cash contributions.

The expected rate of return for 2021 was 5.60%, net of expenses, for the Retirement Plan. The expected rate of return assumption is only applicable to the Retirement Plan as assets are not held by any of the other pension and other postretirement plans.

As of December 31, 2021, the effect of a change in the actual rate of return on the net periodic benefit cost is presented in the table below. This represents the estimate of actuarial gains (losses) that would be recognized immediately through Operating expenses in our Consolidated Statements of Operations:

<i>(\$ in millions)</i>	<b>Increase (Decrease) in Net Periodic Benefit Cost-Pension Plans</b>
Increase in actual rate of return by 100 basis points .....	\$ (22)
Decrease in actual rate of return by 100 basis points .....	22

The expected rate of return for 2022 is 4.85%, net of expenses, for the Retirement Plan, reflecting a change in asset allocation from equity securities to fixed maturities. The estimated impact of this change as well as the actuarial loss experienced on plan assets in 2021 is expected to increase our net periodic benefit cost by approximately \$17 million.

In addition to the expected increases in net periodic benefit cost described above, \$2 million of expected increase relates to other components of net periodic pension cost, such as service cost, that are not influenced by the discount rate or expected return on plan assets assumptions.

For more information related to our employee benefit plans, see the *Employee Benefit Arrangements* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

### **Impact of New Accounting Pronouncements**

For information regarding the impact of new accounting pronouncements, see 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.

### **INVESTMENTS (excluding Consolidated Investment Entities)**

Investments for our general account are managed by our wholly owned asset manager, Voya Investment Management LLC, pursuant to investment advisory agreements with affiliates. In addition, our internal treasury group manages our holding company liquidity investments, primarily money market funds.

#### ***Investment Strategy***

Our investment strategy seeks to achieve sustainable risk-adjusted returns by focusing on principal preservation, disciplined matching of asset characteristics with liability requirements and the diversification of risks. Investment activities are undertaken according to investment policy statements that contain internally established guidelines and risk tolerances and are required to comply with applicable laws and insurance regulations. Risk tolerances are established for credit risk, credit spread risk, market risk, liquidity risk and concentration risk across issuers, sectors and asset types that seek to mitigate the impact of cash flow variability arising from these risks.

Segmented portfolios are established for groups of products with similar liability characteristics. Our investment portfolio consists largely of high quality fixed maturities and short-term investments, investments in commercial mortgage loans, alternative investments and other instruments, including a small amount of equity holdings. Fixed maturities include publicly issued corporate bonds, government bonds, privately placed notes and bonds, bonds issued by states and municipalities, ABS, traditional MBS and various CMO tranches managed in combination with financial derivatives as part of a proprietary strategy known as CMO-B.

We use derivatives for hedging purposes to reduce our exposure to the cash flow variability of assets and liabilities, interest rate risk, credit risk and market risk. In addition, we use credit derivatives to replicate exposure to individual securities or pools of securities as a means of achieving credit exposure similar to bonds of the underlying issuer(s) more efficiently.

See the *Investments (excluding Consolidated Investment Entities)* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for more information on investments.

## Portfolio Composition

The following table presents the investment portfolio as of the dates indicated:

	December 31, 2021		December 31, 2020	
	Carrying Value	% of Total	Carrying Value	% of Total
<i>(\$ in millions)</i>				
Fixed maturities, available-for-sale, excluding securities pledged	\$ 33,699	73.9 %	\$ 43,569	76.6 %
Fixed maturities, at fair value option	2,354	5.2 %	3,011	5.3 %
Equity securities, at fair value	240	0.5 %	242	0.4 %
Short-term investments <sup>(1)</sup>	97	0.2 %	111	0.2 %
Mortgage loans on real estate	5,612	12.3 %	6,741	11.9 %
Policy loans	392	0.9 %	718	1.3 %
Limited partnerships/corporations	1,739	3.8 %	1,476	2.5 %
Derivatives	171	0.4 %	215	0.4 %
Other investments	79	0.2 %	319	0.6 %
Securities pledged	1,198	2.6 %	449	0.8 %
Total investments	<u>\$ 45,581</u>	<u>100.0 %</u>	<u>\$ 56,851</u>	<u>100.0 %</u>

<sup>(1)</sup> Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of purchase.

## Fixed Maturities

The following tables present total fixed maturities, including securities pledged, by market sector, as of the dates indicated:

	December 31, 2021			
	Amortized Cost	% of Total	Fair Value	% of Total
<i>(\$ in millions)</i>				
Fixed maturities:				
U.S. Treasuries	\$ 764	2.2 %	\$ 1,003	2.7 %
U.S. Government agencies and authorities	69	0.2 %	81	0.2 %
State, municipalities and political subdivisions	1,000	2.9 %	1,111	3.0 %
U.S. corporate public securities	10,402	30.5 %	11,941	32.1 %
U.S. corporate private securities	4,889	14.3 %	5,325	14.3 %
Foreign corporate public securities and foreign governments <sup>(1)</sup>	3,373	9.9 %	3,723	10.0 %
Foreign corporate private securities <sup>(1)</sup>	3,320	9.7 %	3,501	9.4 %
Residential mortgage-backed securities	4,183	12.3 %	4,302	11.5 %
Commercial mortgage-backed securities	4,032	11.8 %	4,183	11.2 %
Other asset-backed securities	2,069	6.2 %	2,081	5.6 %
Total fixed maturities, including securities pledged	<u>\$ 34,101</u>	<u>100.0 %</u>	<u>\$ 37,251</u>	<u>100.0 %</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

**December 31, 2020**

<i>(\$ in millions)</i>	<b>Amortized Cost</b>	<b>% of Total</b>	<b>Fair Value</b>	<b>% of Total</b>
<b>Fixed maturities:</b>				
U.S. Treasuries .....	\$ 1,033	2.5 %	\$ 1,471	3.1 %
U.S. Government agencies and authorities .....	74	0.2 %	102	0.2 %
State, municipalities and political subdivisions .....	1,166	2.9 %	1,346	2.9 %
U.S. corporate public securities .....	13,366	32.7 %	16,387	34.9 %
U.S. corporate private securities .....	5,653	13.8 %	6,446	13.7 %
Foreign corporate public securities and foreign governments <sup>(1)</sup> .....	4,023	9.8 %	4,736	10.0 %
Foreign corporate private securities <sup>(1)</sup> .....	4,220	10.3 %	4,646	9.9 %
Residential mortgage-backed securities .....	5,370	13.1 %	5,626	12.0 %
Commercial mortgage-backed securities .....	3,882	9.5 %	4,131	8.8 %
Other asset-backed securities .....	2,110	5.2 %	2,138	4.5 %
<b>Total fixed maturities, including securities pledged</b>	<b>\$ 40,897</b>	<b>100.0 %</b>	<b>\$ 47,029</b>	<b>100.0 %</b>

<sup>(1)</sup> Primarily U.S. dollar denominated.

As of December 31, 2021, the average duration of our fixed maturities portfolio, including securities pledged, is between 7.0 and 7.5 years.

**Fixed Maturities Credit Quality - Ratings**

The Securities Valuation Office ("SVO") of the NAIC evaluates the fixed maturity security investments of insurers for regulatory reporting and capital assessment purposes and assigns securities to one of six credit quality categories called "NAIC designations." An internally developed rating is used as permitted by the NAIC if no rating is available. These designations are generally similar to the credit quality designations of the NAIC acceptable rating organizations ("ARO") for marketable fixed maturity securities, called rating agency designations except for certain structured securities as described below. NAIC designations of "1," highest quality and "2," high quality, include fixed maturity securities generally considered investment grade by such rating organizations. NAIC designations 3 through 6 include fixed maturity securities generally considered below investment grade by such rating organizations.

The NAIC designations for structured securities, including subprime and Alt-A RMBS, are based upon a comparison of the bond's amortized cost to the NAIC's loss expectation for each security. Securities where modeling results in no expected loss in each scenario are considered to have the highest designation of NAIC 1. A large percentage of our RMBS securities carry the NAIC 1 designation while the ARO rating indicates below investment grade. This is primarily due to the credit and intent impairments recorded by us that reduced the amortized cost on these securities to a level resulting in no expected loss in any scenario, which corresponds to the NAIC 1 designation. The methodology reduces regulatory reliance on rating agencies and allows for greater regulatory input into the assumptions used to estimate expected losses from such structured securities. In the tables below, we present the rating of structured securities based on ratings from the NAIC methodologies described above (which may not correspond to rating agency designations). NAIC designations (e.g., NAIC 1-6) are based on the NAIC methodologies.

As a result of time lags between the funding of investments, the finalization of legal documents and the completion of the SVO filing process, the fixed maturity portfolio generally includes securities, that have not yet been rated by the SVO as of each balance sheet date, such as private placements. Pending receipt of SVO ratings, the categorization of these securities by NAIC designation is based on the expected ratings indicated by internal analysis.

Information about certain of our fixed maturity securities holdings by the NAIC designation is set forth in the following tables. Corresponding rating agency designation does not directly translate into NAIC designation, but represents our best estimate of comparable ratings from rating agencies, including Moody's, S&P and Fitch. If no rating is available from a rating agency, then an internally developed rating is used. As of December 31, 2021 and 2020, the weighted average NAIC quality rating of our fixed maturities portfolio was 1.5.

The following tables present credit quality of fixed maturities, including securities pledged, using NAIC designations as of the dates indicated:

(\$ in millions)

	<b>December 31, 2021</b>						
<b>NAIC Quality Designation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Total Fair Value</b>
U.S. Treasuries	\$ 1,003	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,003
U.S. Government agencies and authorities	81	—	—	—	—	—	81
State, municipalities and political subdivisions	1,003	105	3	—	—	—	1,111
U.S. corporate public securities	4,112	7,341	406	63	19	—	11,941
U.S. corporate private securities	1,787	3,111	319	105	3	—	5,325
Foreign corporate public securities and foreign governments <sup>(1)</sup>	1,151	2,389	160	23	—	—	3,723
Foreign corporate private securities <sup>(1)</sup>	310	2,850	185	82	—	74	3,501
Residential mortgage-backed securities	4,227	37	1	2	17	18	4,302
Commercial mortgage-backed securities	3,553	487	114	29	—	—	4,183
Other asset-backed securities	1,685	330	10	13	30	13	2,081
Total fixed maturities	<u>\$ 18,912</u>	<u>\$ 16,650</u>	<u>\$ 1,198</u>	<u>\$ 317</u>	<u>\$ 69</u>	<u>\$ 105</u>	<u>\$ 37,251</u>
% of Fair Value	<u>50.8%</u>	<u>44.7%</u>	<u>3.2%</u>	<u>0.9%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>100.0%</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

(\$ in millions)

	<b>December 31, 2020</b>						
<b>NAIC Quality Designation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>Total Fair Value</b>
U.S. Treasuries	\$ 1,471	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,471
U.S. Government agencies and authorities	102	—	—	—	—	—	102
State, municipalities and political subdivisions	1,214	128	4	—	—	—	1,346
U.S. corporate public securities	6,275	9,258	757	84	13	—	16,387
U.S. corporate private securities	2,296	3,627	390	119	14	—	6,446
Foreign corporate public securities and foreign governments <sup>(1)</sup>	1,707	2,759	235	35	—	—	4,736
Foreign corporate private securities <sup>(1)</sup>	418	3,863	145	220	—	—	4,646
Residential mortgage-backed securities	5,265	236	78	1	22	24	5,626
Commercial mortgage-backed securities	3,712	346	63	10	—	—	4,131
Other asset-backed securities	1,843	227	12	13	41	2	2,138
Total fixed maturities	<u>\$ 24,303</u>	<u>\$ 20,444</u>	<u>\$ 1,684</u>	<u>\$ 482</u>	<u>\$ 90</u>	<u>\$ 26</u>	<u>\$ 47,029</u>
% of Fair Value	<u>51.7%</u>	<u>43.4%</u>	<u>3.6%</u>	<u>1.0%</u>	<u>0.2%</u>	<u>0.1%</u>	<u>100.0%</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

The fixed maturities in our portfolio are generally rated by external rating agencies and, if not externally rated, are rated by us on a basis similar to that used by the rating agencies. As of December 31, 2021 and 2020, the weighted average quality rating of our fixed maturities portfolio was A. Ratings are derived from three ARO ratings and are applied as follows, based on the number of agency ratings received:

- when three ratings are received then the middle rating is applied;
- when two ratings are received then the lower rating is applied;
- when a single rating is received, the ARO rating is applied; and
- when ratings are unavailable then an internal rating is applied.

The following tables present credit quality of fixed maturities, including securities pledged, using ARO ratings as of the dates indicated:

*(\$ in millions)*

ARO Quality Ratings	December 31, 2021					
	AAA	AA	A	BBB	BB and Below	Total Fair Value
U.S. Treasuries	\$ 1,003	\$ —	\$ —	\$ —	\$ —	\$ 1,003
U.S. Government agencies and authorities	70	—	11	—	—	81
State, municipalities and political subdivisions	55	623	326	104	3	1,111
U.S. corporate public securities	66	728	3,727	6,954	466	11,941
U.S. corporate private securities	68	91	1,520	3,314	332	5,325
Foreign corporate public securities and foreign governments <sup>(1)</sup>	8	229	1,045	2,233	208	3,723
Foreign corporate private securities <sup>(1)</sup>	—	48	259	2,938	256	3,501
Residential mortgage-backed securities	2,927	258	216	298	603	4,302
Commercial mortgage-backed securities	1,600	424	869	1,166	124	4,183
Other asset-backed securities	257	445	968	324	87	2,081
Total fixed maturities	<u>\$ 6,054</u>	<u>\$ 2,846</u>	<u>\$ 8,941</u>	<u>\$ 17,331</u>	<u>\$ 2,079</u>	<u>\$ 37,251</u>
% of Fair Value	<u>16.3%</u>	<u>7.6%</u>	<u>24.0%</u>	<u>46.5%</u>	<u>5.6%</u>	<u>100.0%</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

*(\$ in millions)*

ARO Quality Ratings	December 31, 2020					
	AAA	AA	A	BBB	BB and Below	Total Fair Value
U.S. Treasuries	\$ 1,471	\$ —	\$ —	\$ —	\$ —	\$ 1,471
U.S. Government agencies and authorities	95	7	—	—	—	102
State, municipalities and political subdivisions	84	769	354	135	4	1,346
U.S. corporate public securities	168	933	5,928	8,575	783	16,387
U.S. corporate private securities	109	156	2,011	3,685	485	6,446
Foreign corporate public securities and foreign governments <sup>(1)</sup>	14	386	1,430	2,601	305	4,736
Foreign corporate private securities <sup>(1)</sup>	—	49	390	3,868	339	4,646
Residential mortgage-backed securities	3,976	340	143	299	868	5,626
Commercial mortgage-backed securities	1,543	484	845	1,098	161	4,131
Other asset-backed securities	414	490	913	223	98	2,138
Total fixed maturities	<u>\$ 7,874</u>	<u>\$ 3,614</u>	<u>\$ 12,014</u>	<u>\$ 20,484</u>	<u>\$ 3,043</u>	<u>\$ 47,029</u>
% of Fair Value	<u>16.7%</u>	<u>7.7%</u>	<u>25.5%</u>	<u>43.6%</u>	<u>6.5%</u>	<u>100.0%</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.



Fixed maturities rated BB and below may have speculative characteristics and changes in economic conditions or other circumstances that are more likely to lead to a weakened capacity of the issuer to make principal and interest payments than is the case with higher rated fixed maturities.

### **Potential Credit Related COVID-19 Exposures**

The following table presents our fixed maturities portfolio exposure to sectors that we believe may be particularly affected by the economic consequences of COVID-19:

(\$ in millions)

	<b>December 31, 2021</b>									
			<b>Unrealized Capital Gain/Loss</b>	<b>NAIC Rating (%)</b>						
	<b>Fair Value</b>	<b>Fair Value %</b>		<b>% Public</b>	<b>% Private</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4-6</b>	
Energy .....	\$ 2,203	5.8 %	\$ 296	72 %	28 %	19.7 %	66.4 %	9.9 %	4.0 %	
Midstream .....	949	2.5 %	131	69 %	31 %	6.4 %	88.6 %	3.4 %	1.6 %	
Independent Energy ..	379	1.0 %	51	74 %	26 %	23.9 %	23.9 %	33.2 %	19.0 %	
Integrated Energy ....	463	1.2 %	62	79 %	21 %	53.0 %	38.0 %	9.0 %	— %	
Refining .....	189	0.5 %	36	90 %	10 %	— %	94.2 %	5.7 %	0.1 %	
Oil Field Services ....	223	0.6 %	16	54 %	46 %	16.3 %	80.2 %	3.1 %	0.4 %	
Metals .....	596	1.6 %	93	66 %	34 %	11.4 %	84.6 %	3.9 %	0.1 %	
Airlines/Aircraft Leasing .	301	0.8 %	17	52 %	48 %	22.9 %	40.0 %	12.3 %	24.8 %	
Restaurants .....	296	0.8 %	14	89 %	11 %	1.1 %	93.3 %	0.1 %	5.5 %	
Airports .....	160	0.4 %	14	46 %	54 %	24.8 %	32.9 %	42.2 %	0.1 %	
Lodging .....	204	0.5 %	—	94 %	6 %	83.6 %	9.1 %	7.3 %	— %	
Automotive .....	297	0.8 %	24	51 %	49 %	22.9 %	64.9 %	11.1 %	1.1 %	
Retailers .....	867	2.3 %	101	91 %	9 %	37.5 %	58.1 %	2.2 %	2.2 %	
COVID-19 Subtotal .....	4,924	13.0 %	559	74.2 %	26 %	27.4 %	61.3 %	7.2 %	4.1 %	
Remaining Portfolio .....	32,327	87.0 %	2,637	77 %	23 %	54.8 %	41.8 %	2.4 %	1.0 %	
Grand Total .....	<u>37,251</u>	<u>100 %</u>	<u>3,196</u>	<u>76 %</u>	<u>24 %</u>	<u>50.7 %</u>	<u>44.7 %</u>	<u>3.2 %</u>	<u>1.4 %</u>	

To the extent that issuers of these securities suffer economic distress, impairments among our portfolio assets may increase, perhaps significantly, which would reduce the carrying value of these assets for statutory purposes and decrease our admitted statutory capital. Such distress, or a further general deterioration in credit markets, could also result in ratings downgrades across our portfolio, which would require our insurance subsidiaries to hold additional amounts of risk-based capital. In both cases, the amount of our excess capital above our targets would decline, and if the reductions were significant enough, we might be required to use available sources of liquidity to fund additional statutory capital requirements.

### **Unrealized Capital Losses**

Gross unrealized capital losses on fixed maturities, including securities pledged, increased \$10 million from \$139 million to \$149 million for the year ended December 31, 2021. The increase in gross unrealized capital losses was driven by moderately higher interest rates in the front end of the yield curve. See section "Overview - Trends and Uncertainties" in this Management's Discussion and Analysis.

As of December 31, 2021, we held one fixed maturity security with unrealized capital losses in excess of \$10 million. The unrealized capital losses on the fixed maturity securities equaled \$12 million, or 7.9% of the total unrealized losses. As of December 31, 2020, we held three fixed maturities with unrealized capital losses in excess of \$10 million. The unrealized capital losses on these fixed maturities equaled \$45 million, or 32.3% of the total unrealized losses.

As of December 31, 2021, we held \$2.2 billion of energy sector fixed maturity securities, constituting 5.9% of the total fixed maturities portfolio, with gross unrealized capital losses of \$18 million, including one energy sector fixed maturity security with unrealized capital losses in excess of \$10 million. The unrealized capital losses on this fixed maturity security equaled \$12

million. As of December 31, 2021, our fixed maturity exposure to the energy sector is comprised of 86.2% investment grade securities.

As of December 31, 2020, we held \$3.0 billion of energy sector fixed maturity securities, constituting 6.5% of the total fixed maturities portfolio, with gross unrealized capital losses of \$28 million including one energy sector fixed maturity security with unrealized capital losses in excess of \$10 million. The unrealized capital losses on this fixed maturity security equaled \$16 million. As of December 31, 2020, our fixed maturity exposure to the energy sector is comprised of 84.0% investment grade securities.

The following table presents the U.S. and foreign corporate securities within our energy holdings by sector as of the dates indicated:

Sector Type	December 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
Midstream	\$ 818	\$ 949	43.1 %	\$ 1,087	\$ 1,287	42.3 %
Integrated Energy	401	463	21.0 %	509	611	20.1 %
Independent Energy	328	379	17.2 %	598	676	22.2 %
Oil Field Services	207	223	10.1 %	217	238	7.8 %
Refining	153	189	8.6 %	183	228	7.6 %
Total	\$ 1,907	\$ 2,203	100.0 %	\$ 2,594	\$ 3,040	100.0 %

See the *Investments (excluding Consolidated Investment Entities)* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for further information on unrealized capital losses.

### **CMO-B Portfolio**

As part of our broadly diversified investment portfolio, we have a core holding in a proprietary mortgage derivatives strategy known as CMO-B, which invests in a variety of CMO securities in combination with interest rate derivatives in targeting a specific type of exposure to the U.S. residential mortgage market. Because of their relative complexity and generally small natural buyer base, we believe certain types of CMO securities are consistently priced below their intrinsic value, thereby providing a source of potential return for investors in this strategy.

The CMO securities that are part of our CMO-B portfolio are either notional or principal securities, backed by the interest and principal components, respectively, of mortgages secured by single-family residential real estate. There are many variations of these two types of securities including interest only and principal only securities, as well as inverse-floating rate (principal) securities and inverse interest only securities, all of which are part of our CMO-B portfolio. This strategy has been in place for nearly two decades and thus far has been a significant source of investment income while exhibiting relatively low volatility and correlation compared to the other asset types in the investment portfolio, although we cannot predict whether favorable returns will continue in future periods.

To protect against the potential for credit loss associated with financially troubled borrowers, investments in our CMO-B portfolio are primarily in CMO securities backed by one of the government sponsored entities: the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") or Government National Mortgage Association ("Ginnie Mae").

Because the timing of the receipt of the underlying cash flow is highly dependent on the level and direction of interest rates, our CMO-B portfolio also has exposure to both interest rate and convexity risk. The exposure to interest rate risk, the potential for changes in value that results from changes in the general level of interest rates, is managed to a defined target duration using interest rate swaps and interest rate futures. The exposure to convexity risk-the potential for changes in value that result from changes in duration caused by changes in interest rates-is dynamically hedged using interest rate swaps and at times, interest rate swaptions.

Prepayment risk represents the potential for adverse changes in portfolio value resulting from changes in residential mortgage prepayment speed (actual and projected), which in turn depends on a number of factors, including conditions in both credit markets and housing markets. Changes in the prepayment behavior of homeowners represent both a risk and potential source of return for our CMO-B portfolio. As a result, we seek to invest in securities that are broadly diversified by collateral type to take

advantage of the uncorrelated prepayment experiences of homeowners with unique characteristics that influence their ability or desire to prepay their mortgage. We choose collateral types and individual securities based on an in-depth quantitative analysis of prepayment incentives across available borrower types.

The following table presents fixed maturities balances held in the CMO-B portfolio by NAIC quality rating as of the dates indicated:

NAIC Quality Designation	December 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
1	\$ 2,621	\$ 2,700	97.4 %	\$ 3,182	\$ 3,333	90.4 %
2	34	35	1.3 %	232	235	6.4 %
3	—	—	— %	72	75	2.0 %
4	—	—	— %	—	—	— %
5	9	16	0.6 %	11	22	0.6 %
6	15	18	0.7 %	17	23	0.6 %
Total	\$ 2,679	\$ 2,769	100.0 %	\$ 3,514	\$ 3,688	100.0 %

For CMO securities where we elected the FVO, amortized cost represents the market values. For details on the NAIC designation methodology, please see "Fixed Maturities Credit Quality-Ratings" above.

The following table presents the notional amounts and fair values of interest rate derivatives used in our CMO-B portfolio as of the dates indicated:

	December 31, 2021			December 31, 2020		
	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
<b>Derivatives non-qualifying for hedge accounting:</b>						
Interest Rate Contracts	\$ 9,770	\$ 80	\$ 146	\$ 12,381	\$ 60	\$ 214

The Company utilize interest rate futures and interest rate swaps as a part of the CMO-B portfolio to hedge interest rate risk. The following table presents our CMO-B fixed maturity securities balances and tranche type as of the dates indicated:

Tranche Type	December 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	% Fair Value	Amortized Cost	Fair Value	% Fair Value
Inverse Floater	\$ 85	\$ 127	4.6 %	\$ 204	\$ 282	7.7 %
Interest Only (IO)	459	460	16.6 %	358	362	9.8 %
Inverse IO	1,072	1,107	40.0 %	1,741	1,819	49.3 %
Principal Only (PO)	110	116	4.2 %	185	193	5.2 %
Floater	7	7	0.3 %	9	9	0.2 %
Agency Credit Risk Transfer	910	915	33.0 %	968	973	26.4 %
Other	36	37	1.3 %	49	50	1.4 %
Total	\$ 2,679	\$ 2,769	100.0 %	\$ 3,514	\$ 3,688	100.0 %

During the year ended December 31, 2021, the market value of our CMO-B securities portfolio declined due to some assets moving to reinsured blocks and as a result of lower valuations due to both higher rate and spread levels.

The following table presents returns for our CMO-B portfolio for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>(\$ in millions)</i>			
Net investment income	\$ 599	\$ 667	\$ 452
Net gains (losses) <sup>(1)</sup>	(642)	(385)	(203)
Income (loss) from continuing operations before income taxes	<u>\$ (43)</u>	<u>\$ 282</u>	<u>\$ 249</u>

<sup>(1)</sup> Net (losses) also include derivatives interest settlements, mark to market adjustments and realized gains (losses) on standalone derivatives contracts that are in the CMO-B portfolio.

In defining the Adjusted operating earnings before income taxes for our CMO-B portfolio (including CMO-B portfolio income (loss) related to businesses to be exited through reinsurance or divestment) certain recharacterizations are recognized. The net coupon settlement on interest rate swaps hedging CMO-B securities that is included in Net gains (losses) is reflected. In addition, the premium amortization and change in fair value for securities designated under the FVO are included in Net gains (losses), whereas the coupon for these securities is included in Net investment income. In order to present the economics of these fair value securities in a similar manner to those of an available for sale security, the premium amortization is reclassified from Net gains (losses).

After adjusting for the two items referenced immediately above, the following table presents a reconciliation of Income (loss) from operations before income taxes from our CMO-B portfolio to Adjusted operating earnings before income taxes from our CMO-B portfolio for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>(\$ in millions)</i>			
Income (loss) from continuing operations before income taxes	\$ (43)	\$ 282	\$ 249
Realized gains/(losses) including impairment	(27)	8	3
Fair value adjustments	239	(112)	(62)
Total adjustments to income (loss) from continuing operations	<u>212</u>	<u>(104)</u>	<u>(59)</u>
Adjusted operating earnings before income taxes	<u>\$ 169</u>	<u>\$ 178</u>	<u>\$ 190</u>

See 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 for information on our CMO-B portfolio.

## Structured Securities

### *Residential Mortgage-backed Securities*

The following tables present our residential mortgage-backed securities as of the dates indicated:

	<b>December 31, 2021</b>				
	<b>Amortized Cost</b>	<b>Gross Unrealized Capital Gains</b>	<b>Gross Unrealized Capital Losses</b>	<b>Embedded Derivatives</b>	<b>Fair Value</b>
<i>(\$ in millions)</i>					
Prime Agency	\$ 1,937	\$ 88	\$ 8	\$ 5	\$ 2,022
Prime Non-Agency	2,146	42	22	1	2,167
Alt-A	84	8	1	6	97
Sub-Prime <sup>(1)</sup>	38	4	—	—	42
Total RMBS	<u>\$ 4,205</u>	<u>\$ 142</u>	<u>\$ 31</u>	<u>\$ 12</u>	<u>\$ 4,328</u>

<sup>(1)</sup> Includes subprime other asset backed securities.

December 31, 2020						
(\$ in millions)	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives	Fair Value	
Prime Agency	\$ 2,966	\$ 168	\$ 2	\$ 10	\$ 3,142	
Prime Non-Agency	2,271	75	13	2	2,335	
Alt-A	114	10	2	8	130	
Sub-Prime <sup>(1)</sup>	47	6	—	—	53	
<b>Total RMBS</b>	<b>\$ 5,398</b>	<b>\$ 259</b>	<b>\$ 17</b>	<b>\$ 20</b>	<b>\$ 5,660</b>	

<sup>(1)</sup> Includes subprime other asset backed securities.

### Commercial Mortgage-backed Securities

The following tables present our commercial mortgage-backed securities as of the dates indicated:

December 31, 2021												
(\$ in millions)	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
2014 and prior	\$ 560	\$ 623	\$ 44	\$ 45	\$ 150	\$ 155	\$ 97	\$ 98	\$ 58	\$ 56	\$ 909	\$ 977
2015	169	186	150	155	83	86	115	115	22	23	539	565
2016	50	55	20	21	28	30	49	49	—	—	147	155
2017	85	91	23	23	66	67	69	71	33	34	276	286
2018	99	108	20	21	94	97	58	59	3	3	274	288
2019	184	203	36	36	139	141	296	297	8	8	663	685
2020	92	93	31	32	73	74	164	166	—	—	360	365
2021	240	241	92	91	220	219	312	311	—	—	864	862
<b>Total CMBS</b>	<b>\$ 1,479</b>	<b>\$ 1,600</b>	<b>\$ 416</b>	<b>\$ 424</b>	<b>\$ 853</b>	<b>\$ 869</b>	<b>\$ 1,160</b>	<b>\$ 1,166</b>	<b>\$ 124</b>	<b>\$ 124</b>	<b>\$ 4,032</b>	<b>\$ 4,183</b>

December 31, 2020												
(\$ in millions)	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
2014 and prior	\$ 587	\$ 691	\$ 125	\$ 128	\$ 162	\$ 168	\$ 143	\$ 141	\$ 47	\$ 45	\$ 1,064	\$ 1,173
2015	204	234	171	181	98	100	141	142	30	31	644	688
2016	60	68	23	24	36	39	50	50	—	—	169	181
2017	107	122	37	38	85	86	93	92	51	51	373	389
2018	100	117	27	27	170	174	122	123	20	21	439	462
2019	178	207	46	47	182	180	372	381	12	13	790	828
2020	102	104	38	39	96	98	167	169	—	—	403	410
<b>Total CMBS</b>	<b>\$ 1,338</b>	<b>\$ 1,543</b>	<b>\$ 467</b>	<b>\$ 484</b>	<b>\$ 829</b>	<b>\$ 845</b>	<b>\$ 1,088</b>	<b>\$ 1,098</b>	<b>\$ 160</b>	<b>\$ 161</b>	<b>\$ 3,882</b>	<b>\$ 4,131</b>

As of December 31, 2021, 84.9% and 11.6% of CMBS investments were designated as NAIC-1 and NAIC-2, respectively. As of December 31, 2020, 89.9% and 8.4% of CMBS investments were designated as NAIC-1 and NAIC-2, respectively.

## Other Asset-backed Securities

The following tables present our other asset-backed securities as of the dates indicated:

December 31, 2021												
(\$ in millions)	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Collateralized Obligation . . .	\$ 185	\$ 186	\$ 328	\$ 328	\$ 850	\$ 848	\$ 121	\$ 120	\$ 68	\$ 64	\$ 1,552	\$ 1,546
Auto-Loans	2	2	—	1	8	8	—	—	—	—	10	11
Student Loans . . . . .	17	17	108	110	9	9	1	1	—	—	135	137
Credit Card loans . . . . .	—	—	—	—	4	4	—	—	—	—	4	4
Other Loans	48	52	4	3	96	99	198	203	—	—	346	357
<b>Total Other ABS<sup>(1)</sup> . . . . .</b>	<b>\$ 252</b>	<b>\$ 257</b>	<b>\$ 440</b>	<b>\$ 442</b>	<b>\$ 967</b>	<b>\$ 968</b>	<b>\$ 320</b>	<b>\$ 324</b>	<b>\$ 68</b>	<b>\$ 64</b>	<b>\$ 2,047</b>	<b>\$ 2,055</b>

<sup>(1)</sup> Excludes subprime other asset backed securities.

December 31, 2020												
(\$ in millions)	AAA		AA		A		BBB		BB and Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Collateralized Obligation . . .	\$ 312	\$ 315	\$ 332	\$ 333	\$ 729	\$ 726	\$ 28	\$ 28	\$ 75	\$ 66	\$ 1,476	\$ 1,468
Auto-Loans	3	3	10	10	10	11	—	—	—	—	23	24
Student Loans . . . . .	39	40	127	133	40	41	2	2	—	—	208	216
Credit Card loans . . . . .	—	—	—	—	—	—	—	—	—	—	—	—
Other Loans	50	56	14	14	126	132	183	194	—	—	373	396
<b>Total Other ABS<sup>(1)</sup> . . . . .</b>	<b>\$ 404</b>	<b>\$ 414</b>	<b>\$ 483</b>	<b>\$ 490</b>	<b>\$ 905</b>	<b>\$ 910</b>	<b>\$ 213</b>	<b>\$ 224</b>	<b>\$ 75</b>	<b>\$ 66</b>	<b>\$ 2,080</b>	<b>\$ 2,104</b>

<sup>(1)</sup> Excludes subprime other asset backed securities.

As of December 31, 2021, 80.7% and 16.1% of Other ABS investments were designated as NAIC-1 and NAIC-2, respectively. As of December 31, 2020, 86.0% and 10.8% of Other ABS investments were designated as NAIC-1 and NAIC-2, respectively.

## Mortgage Loans on Real Estate

As of December 31, 2021 and 2020, our mortgage loans on real estate portfolio had a weighted average DSC of 2.13 times and 2.24 times, and a weighted average LTV ratio of 45.5% and 45.2%, respectively. See the *Investments (excluding Consolidated Investment Entities)* Note and *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 further information on mortgage loans on real estate.

## Impairments

We evaluate available-for-sale fixed maturities for impairment on a regular basis. The assessment of whether impairments have occurred is based on a case-by-case evaluation of the underlying reasons for the decline in estimated fair value. See 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 the policy used to evaluate whether the investments are impaired. Additionally, see the *Investments (excluding Consolidated Investment Entities)* Note in our Consolidated Financial Statements of Part II, Item 8. of this Annual Report on Form 10-K for further information on impairments.

## Derivatives

We use derivatives for a variety of hedging purposes. We also have embedded derivatives within fixed maturities instruments and certain product features. See the *Business, Basis of Presentation and Significant Accounting Policies* Note and *Derivative Financial Instruments* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for further information.

## European Exposures

We quantify and allocate our exposure to the region by attempting to identify aspects of the region or country risk to which we are exposed. Among the factors we consider are the nationality of the issuer, the nationality of the issuer's ultimate parent, the corporate and economic relationship between the issuer and its parent, as well as the political, legal and economic environment in which each functions. By undertaking this assessment, we believe that we develop a more accurate assessment of the actual geographic risk, with a more integrated understanding of contributing factors to the full risk profile of the issuer.

In the normal course of our ongoing risk and portfolio management process, we closely monitor compliance with a credit limit hierarchy designed to minimize overly concentrated risk exposures by geography, sector and issuer. This framework takes into account various factors such as internal and external ratings, capital efficiency and liquidity and is overseen by a combination of Investment and Corporate Risk Management, as well as insurance portfolio managers focused specifically on managing the investment risk embedded in our portfolio.

While financial conditions in Europe have broadly improved, the possibility of capital market volatility spreading through a highly integrated and interdependent banking system remains. Despite signs of continuous improvement in the region, we continue to closely monitor our exposure to the region.

As of December 31, 2021, our total European exposure had an amortized cost and fair value of \$3,333 million and \$3,562 million, respectively. European exposure with a primary focus on Greece, Ireland, Italy, Portugal and Spain (which we refer to as "peripheral Europe") amounts to \$386 million, which includes non-financial institutions exposure in Ireland of \$146 million, in Italy of \$110 million and in Spain of \$98 million. We also had financial institutions exposure in Italy of \$10 million and Spain of \$22 million. We did not have any exposure to Ireland or Greece.

Among the remaining \$3,176 million of total non-peripheral European exposure, we had a portfolio of credit-related assets similarly diversified by country and sector across developed and developing Europe. As of December 31, 2021, our non-peripheral sovereign exposure was \$95 million, which consisted of fixed maturities and derivative assets. We also had \$575 million in net exposure to non-peripheral financial institutions, with a concentration in Switzerland of \$97 million and the United Kingdom of \$262 million. The balance of \$2,506 million was invested across non-peripheral, non-financial institutions.

Some of the major country level exposures were in the United Kingdom of \$1,629 million, in The Netherlands of \$276 million, in Belgium of \$159 million, in France of \$349 million, in Germany of \$218 million, in Switzerland of \$231 million, and in Russia of \$58 million. We believe the primary risk results from market value fluctuations resulting from spread volatility and the secondary risk is default risk, dependent upon the strength of continued recovery of economic conditions in Europe.

## Consolidated and Nonconsolidated Investment Entities

We use many forms of entities to achieve our business objectives and we have participated in varying degrees in the design and formation of these entities. These entities are considered to be VIEs or VOEs (collectively, "Consolidated Investment Entities"), or nonconsolidated VIEs, and we evaluate our involvement with each entity to determine whether consolidation is required.

We perform a quarterly consolidation analysis to assess if the consolidation of a fund is required. The consolidation process brings on the assets, liabilities, noncontrolling interest and operations of the VIE and/or VOE into our financial statements.

If the fund no longer meets the criteria for consolidation, the assets, liabilities, noncontrolling interest and operations of the fund is removed from our financial statements. This process of consolidation/deconsolidation could have a material impact on total shareholders' equity.

See Consolidation and Noncontrolling Interests and Fair Value Measurement in the *Business, Basis of Presentation and Significant Accounting Policies* Note to our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K. Additionally, see the *Consolidated and Nonconsolidated Investment Entities* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for more information.

## ***Securizations***

We invest in various tranches of securitization entities, including RMBS, CMBS and ABS. Refer to the *Consolidated and Nonconsolidated Investment Entities* Note and *Fair Value Measurements (excluding Consolidated Investment Entities)* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for an understanding over the Company's Securizations. Refer to the *Investments (excluding Consolidated Investment Entities)* Note to our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for details regarding the carrying amounts and classifications of these assets.

## **Guarantors and Issuers of Guaranteed Securities**

Voya Financial, Inc. (the "Parent Issuer") has issued certain notes pursuant to transactions registered under the Securities Act of 1933. Such securities consist of (i) the 5.7% senior notes due 2043, the 3.65% senior notes due 2026, and the 4.8% senior notes due 2046, with an aggregate principal amount of \$1.1 billion as of December 31, 2021 (collectively, the "Senior Notes") and (ii) the 5.65% fixed-to-floating rate junior subordinated notes due 2053 and the 4.7% fixed-to-floating junior subordinated notes due 2048, with an aggregate principal amount of \$1.1 billion as of December 31, 2021 (collectively, the "Junior Subordinated Notes" and, together with the Senior Notes, the "Registered Notes").

Voya Holdings (the "Subsidiary Guarantor"), a wholly owned subsidiary of the Parent Issuer, has guaranteed each of the Registered Notes on a full and unconditional basis. No other subsidiary of the Parent Issuer has guaranteed any of the Registered Notes. The Parent Issuer and the Subsidiary Guarantor are hereby referred to below as the "Obligor Group."

The full and unconditional guarantees require the Subsidiary Guarantor to satisfy the obligations of the guaranteed security immediately, if and when the Parent Issuer has failed to make a scheduled payment thereunder. If the Subsidiary Guarantor does not make such payment, any holder of the guaranteed security may immediately bring suit directly against the Subsidiary Guarantor for payment of amounts due and payable.

Set forth below is summarized financial information of the Obligor Group, as presented on a combined basis. Inter-combination transactions and balances within the Obligor Group have been eliminated. In addition, financial information of any non-issuer or non-guarantor subsidiaries, which would normally be consolidated by either the Parent Issuer or the Subsidiary Guarantor under U.S. generally accepted accounting principles, has been excluded from such presentation.



Refer to the Summarized Financial Information of the Obligor Group for the periods indicated below:

	<b>As of and for the year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<i>(\$ in millions)</i>		
<b>Summarized Statement of Operations Information:</b>		
Total revenues	\$ 34	\$ 32
Total benefits and expenses	192	173
Income (loss) from continuing operations, net of tax	718	(100)
Net income (loss) before equity in earnings (losses) of unconsolidated affiliates	718	(100)
Net income (loss) available to Obligor Group	718	(100)
<b>Summarized Balance Sheet Information:</b>		
Total investments	44	60
Cash and cash equivalents	205	212
Deferred income tax assets	908	869
Loans to non-obligated subsidiaries	123	180
Due from non-obligated subsidiaries	61	19
Total assets	1,356	1,356
Short-term debt with non-obligated subsidiaries	130	653
Long-term debt	2,594	3,041
Total liabilities	\$ 2,836	\$ 4,120

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Market risk is the risk that our consolidated financial position and results of operations will be affected by fluctuations in the value of financial instruments. We have significant holdings in financial instruments and are naturally exposed to a variety of market risks. The main market risks we are exposed to include interest rate risk, equity market price risk, and credit risk. We do not have material market risk exposure to "trading" activities in our Consolidated Financial Statements.

#### ***Risk Management***

As a financial services company active in retirement, investment management and insurance products and services, taking measured risks is part of our business. As part of our effort to ensure measured risk taking, we have integrated risk management in our daily business activities and strategic planning.

We place a high priority on risk management and risk control. We have comprehensive risk management and control procedures in place at all levels and have established a dedicated risk management function with responsibility for the formulation of our risk appetite, strategies, policies and limits. The risk management function is also responsible for monitoring our overall market risk exposures and provides review, oversight and support functions on risk-related issues.

Our risk appetite is aligned with how our businesses are managed and anticipates future regulatory developments. In particular, our risk appetite is aligned with regulatory capital requirements applicable to our regulated insurance subsidiaries as well as metrics that are aligned with various ratings agency models.

Our risk governance and control systems enable us to identify, control, monitor and aggregate risks and provide assurance that risks are being measured, monitored and reported adequately and effectively. To promote measured risk taking, we have integrated risk management with our business activities and strategic planning.

Each risk that is managed has been mapped for oversight by the Board of Directors or appropriate Board Committees. The Chief Risk Officer ("CRO") reports to the Vice Chairman and Chief Financial Officer and has direct access to the Board on a regular basis. The Company's Board of Directors and Board Committees are directly involved within the risk framework.

The CRO heads the risk management function and each of the businesses, as well as corporate, has a similar function that reports to the CRO. This functional approach is designed to promote consistent application of guidelines and procedures, regular reporting and appropriate communication through the risk management function, as well as to provide ongoing support for the business. The scope, roles, responsibilities and authorities of the risk management function at different levels are described in a Risk Management Policy to which our businesses must adhere. Our Risk Committee discusses and approves all risk policies and reviews and approves risks associated with our activities. This includes volatility (affecting earnings and value), exposure (required capital and market risk) and insurance risks. Each business has a Committee that reviews business specific risks and is governed by the Risk Committee.

We have implemented several limit structures to manage risk. Examples include, but are not limited to, the following:

- At-risk limits on sensitivities of earnings and regulatory capital;
- Duration and convexity mismatch limits;
- Credit risk limits;
- Liquidity limits;
- Mortality concentration limits;
- Catastrophe and mortality exposure retention limits for our insurance risk; and
- Investment and derivative guidelines.

We manage our risk appetite based on several key risk metrics, including:

- At-risk metrics on sensitivities of earnings and regulatory capital;
- Stress scenario results: forecasted results under stress events covering the impact of changes in interest rates, equity markets, mortality rates, credit default and spread levels, and combined impacts; and
- Economic capital: the amount of capital required to cover extreme scenarios.

We are also subject to cash flow stress testing pursuant to regulatory requirements. This analysis measures the effect of changes in interest rate assumptions on asset and liability cash flows. The analysis includes the effects of:

- the timing and amount of redemptions and prepayments in our asset portfolio;
- our derivative portfolio;
- death benefits and other claims payable under the terms of our insurance products;
- lapses and surrenders in our insurance products;
- minimum interest guarantees in our insurance products; and
- book value guarantees in our insurance products.

We evaluate any shortfalls that our cash flow testing reveals and if needed increase statutory reserves or adjust portfolio management strategies.

Derivatives are financial instruments whose values are derived from interest rates, foreign currency exchange rates, financial indices, or other prices of securities or commodities. Under U.S. insurance statutes, our insurance subsidiaries may use derivatives to hedge market values or cash flows of assets or liabilities; to replicate cash market instruments; and for certain limited income generating activities. Our insurance subsidiaries are generally prohibited from using derivatives for speculative purposes. References below to hedging and hedge programs refer to our process of reducing exposure to various risks. This does not mean that the process necessarily results in hedge accounting treatment for the respective derivative instruments. See 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 information regarding the Company's hedge accounting policies.

### **Market Risk Related to Interest Rates**

We define interest rate risk as the risk of an economic loss due to adverse changes in interest rates. This risk arises from our holdings in interest sensitive assets and liabilities, primarily as a result of investing life insurance premiums, fixed annuity and guaranteed investment contract deposits received in interest-sensitive assets and carrying these funds as interest-sensitive liabilities. We are also subject to interest rate risk on our stable value contracts and secondary guarantee universal life contracts. 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 on those products that are being hedged. 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 on certain stable value contracts. Conversely, a steady increase in interest rates would tend to improve financial results due to reduced hedging costs, lower costs of guaranteed benefits and improvement to fixed margins.

We use product design, pricing and ALM strategies to reduce the adverse effects of interest rate movement. Product design and pricing strategies can include the use of surrender charges, withdrawal restrictions and the ability to reset credited interest rates. ALM strategies can include the use of derivatives and duration and convexity mismatch limits. Refer to the risk *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* within Risk Factors, Part I, Item 1A. of this Annual Report on Form 10-K. See the *Derivative Financial Instruments* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for information regarding derivative strategies on our material derivative types.

We assess interest rate exposures for financial assets, liabilities and derivatives using hypothetical test scenarios that assume either increasing or decreasing 100 basis point parallel shifts in the yield curve. The following table summarizes the net estimated potential change in fair value from hypothetical 100 basis point upward and downward shifts in interest rates as of December 31, 2021. In calculating these amounts, we exclude gains and losses on separate account fixed income securities related to products for which the investment risk is borne primarily by the separate account contract holder rather than by us. While the test scenarios are for illustrative purposes only and do not reflect our expectations regarding future interest rates or the performance of fixed-income markets, they are a near-term, reasonably possible hypothetical change that illustrates the potential impact of such events. These tests do not measure the change in value that could result from non-parallel shifts in the yield curve. As a result, the actual change in fair value from a 100 basis point change in interest rates could be different from that indicated by these calculations.

<b>As of December 31, 2021</b>					
		<b>Hypothetical Change in Fair Value<sup>(2)</sup></b>			
		<b>Notional</b>	<b>Fair Value<sup>(1)</sup></b>	<b>+ 100 Basis Points Yield Curve Shift</b>	<b>- 100 Basis Points Yield Curve Shift</b>
<i>(\$ in millions)</i>					
Financial assets with interest rate risk:					
Fixed maturity securities, including securities pledged	\$	—	\$ 37,251	\$ (2,538)	\$ 2,717
Mortgage loans on real estate		—	5,982	(251)	264
Financial liabilities with interest rate risk:					
Investment contracts:					
Funding agreements without fixed maturities and deferred annuities <sup>(3)</sup>		—	43,407	(3,299)	4,138
Funding agreements with fixed maturities		—	1,461	(56)	53
Supplementary contracts and immediate annuities		—	775	(68)	9
Derivatives:					
Interest rate contracts		13,404	62	95	(117)
Long-term debt		—	2,991	(190)	220
Embedded derivatives on reinsurance		—	196	67	(78)
Guaranteed benefit derivatives <sup>(3)</sup> :					
Other <sup>(4)</sup>		—	48	(22)	60

<sup>(1)</sup> Separate account assets and liabilities which are interest sensitive are not included herein as any interest rate risk is borne by the holder of separate account.

<sup>(2)</sup> (Decreases) in assets or (decreases) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.

<sup>(3)</sup> Certain amounts included in Funding agreements without fixed maturities and deferred annuities section are also reflected within the Guaranteed benefit derivatives section of the tables above.

<sup>(4)</sup> Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

For certain liability contracts, we provide the contract holder a guaranteed minimum interest rate ("GMIR"). These contracts include fixed annuities and other insurance liabilities. We are required to pay these guaranteed minimum rates even if earnings on our investment portfolio decline, with a resulting investment margin compression negatively impacting earnings. Credited rates are set either quarterly or annually. See the *Guaranteed Benefit Features* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K.

The following table summarizes detail on the differences between the interest rate being credited to contract holders as of December 31, 2021, and the respective GMIRs:

(\$ in millions)	Account Value <sup>(1)</sup>						Total
	Excess of crediting rate over GMIR						
	At GMIR	Up to .50% Above GMIR	0.51% - 1.00% Above GMIR	1.01% - 1.50% Above GMIR	1.51% - 2.00% Above GMIR	More than 2.00% Above GMIR	
<b>Guaranteed minimum interest rate</b>							
Up to 1.00% .....	\$ 5,174	\$ 2,580	\$ 1,629	\$ 1,056	\$ 1,327	\$ 476	\$ 12,242
1.01% - 2.00% .....	746	61	42	2	1	7	859
2.01% - 3.00% .....	12,796	55	46	109	—	2	13,008
3.01% - 4.00% .....	9,384	154	1	—	—	—	9,539
4.01% and Above .....	1,725	90	—	—	—	—	1,815
Renewable beyond 12 months (MYGA) <sup>(2)</sup> .....	440	—	—	—	3	—	443
Total discretionary rate setting products .....	<u>\$ 30,265</u>	<u>\$2,940</u>	<u>\$ 1,718</u>	<u>\$ 1,167</u>	<u>\$ 1,331</u>	<u>\$ 485</u>	<u>\$ 37,906</u>
Percentage of Total .....	79.8 %	7.8 %	4.5 %	3.1 %	3.5 %	1.3 %	100.0 %

<sup>(1)</sup> Includes only the account values for investment spread products with GMIRs and discretionary crediting rates, net of policy loans. Excludes Stabilizer products, which are fee based. Also, excludes the portion of the account value of FIA products for which the crediting rate is based on market indexed strategies.

<sup>(2)</sup> Represents MYGA contracts with renewal dates after December 31, 2022 on which we are required to credit interest above the contractual GMIR for at least the next twelve months.

### Market Risk Related to Equity Market Prices

Our 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 products and our earnings derived from those products.

We assess equity risk exposures for financial assets, liabilities and derivatives using hypothetical test scenarios that assume either an increase or decrease of 10% in all equity market benchmark levels. In calculating these amounts, we exclude gains and losses on separate account equity securities related to products for which the investment risk is borne primarily by the separate account contract holder rather than by us. While the test scenarios are for illustrative purposes only and do not reflect our expectations regarding the future performance of equity markets, they are near-term, reasonably possible hypothetical changes that illustrate the potential impact of such events. These scenarios consider only the direct effect on the fair value of market instruments corresponding to declines or increases in equity benchmark market levels and not changes in asset-based fees recognized as revenue, changes in our estimates of total gross profits used as a basis for amortizing DAC/VOBA, other intangibles and other costs, or changes in any other assumptions such as market volatility or mortality, utilization or persistency rates in variable contracts that could also impact the fair value of our living benefits features. In addition, these scenarios do not reflect the effect of basis risk, such as potential differences in the performance of the investment funds underlying the variable annuity products relative to the equity market benchmark we use as a basis for developing our hedging strategy. The impact of basis risk could result in larger differences between the change in fair value of the equity-based derivatives and the related living benefit features, in comparison to the hypothetical test scenarios.

The following table summarizes the net estimated potential change in fair value from an instantaneous increase and decrease in all equity market benchmark levels of 10% as of December 31, 2021:

	<b>As of December 31, 2021</b>			
	<b>Notional</b>	<b>Fair Value</b>	<b>Hypothetical Change in Fair Value<sup>(1)</sup></b>	
			<b>+ 10% Equity Shock</b>	<b>-10% Equity Shock</b>
<i>(\$ in millions)</i>				
Financial assets with equity market risk:				
Equity securities, at fair value . . . . .	\$ —	\$ 240	\$ 24	\$ (24)
Limited liability partnerships/corporations . . . . .	—	1,739	107	(107)
Derivatives:				
Equity futures and total return swaps . . . . .	258	1	14	(14)
Equity options . . . . .	42	1	—	—
Financial liabilities with equity market risk:				
Guaranteed benefit derivatives:				
Other <sup>(2)</sup> . . . . .	—	48	—	—

<sup>(1)</sup> (Decreases) in assets or (decreases) in liabilities are presented in parentheses. Increases in assets or increases in liabilities are presented without parentheses.

<sup>(2)</sup> Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

### Market Risk Related to Credit Risk

Credit risk is primarily embedded in the general account portfolio. The carrying value of our fixed maturity, including securities pledged, and equity portfolio totaled \$37.5 billion and \$47.3 billion as of December 31, 2021 and 2020, respectively. Our credit risk materializes primarily as impairment losses and/or credit risk related trading losses. We are exposed to occasional cyclical economic downturns, during which impairment losses may be significantly higher than the long-term historical average. This is offset by years where we expect the actual impairment losses to be substantially lower than the long-term average.

Credit risk in the portfolio can also materialize as increased capital requirements caused by rating down-grades. The effect of rating migration on our capital requirements is also dependent on the economic cycle and increased asset impairment levels may go hand in hand with increased asset related capital requirements.

We manage the risk of default and rating migration by applying disciplined credit evaluation and underwriting standards and prudently limiting allocations to lower quality, higher risk investments. In addition, we diversify our exposure by issuer and country, using rating based issuer and country limits, as well as by industry segment, using specific investment constraints. Limit compliance is monitored on a daily, monthly or quarterly basis. Limit violations are reported to senior management and we are actively involved in decisions around curing such limit violations.

We also have credit risk related to the ability of our derivatives and reinsurance counterparties to honor their obligations to pay the contract amounts under various agreements. In order to minimize the risk of credit loss on such contracts, we diversify our exposures among several counterparties and limit the amount of exposure to each based on credit rating. For most counterparties, we have collateral agreements in place that would substantially limit our credit losses in case of a counterparty default. We also generally limit our selection of counterparties that we do new transactions with to those with an "A-" credit rating or above. When exceptions are made to that principle, we ensure that we obtain collateral to mitigate our risk of loss. For derivatives counterparty risk exposures (which includes reverse repurchase and securities lending transactions), we measure and monitor our risks on a market value basis daily. Refer to the *Derivative Financial Instruments* Note in our Consolidated Financial Statements in Part II, Item 8. of this Annual Report on Form 10-K for further details of these items.

In the normal course of business, certain reinsurance recoverables are subject to reviews by the reinsurers. We are not aware of any material disputes arising from these reviews or other communications with the counterparties that would affect collectability, and, therefore, as of December 31, 2021, no allowance for uncollectible amounts was recorded.

The following table summarizes our reinsurance recoverable balances, including collateral received and credit and financial strength ratings for our 10 largest reinsurance recoverable balances as of December 31, 2021:

	<b>Reinsurance Recoverable</b>	<b>% Collateralized<sup>(1)</sup></b>	<b>Financial Strength Rating</b>		<b>Credit Rating</b>	
			<b>S&amp;P</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Moody's</b>
<i>(\$ in millions)</i>						
<b>Parent Company/Principal Reinsurers</b>						
Resolution Life Group Holdings LP . . . . .	11,061	90%	A-	Baa1		
Security Life of Denver Insurance Co . . . . .						
Resolution Life CO . . . . .						
Lincoln National Corp . . . . .	1,125	100%	AA-	A1	A-	Baa1
Lincoln Life & Annuity Co of New York . . . . .						
Lincoln National Life Insurance Co . . . . .						
Reinsurance Group of America Inc . . . . .	1,045	99%	AA-	A1	A	Baa1
RGA Reinsurance Co . . . . .						
Sun Life Financial Inc . . . . .	285	99%	AA	Aa3	A+	
Sun Life Assurance Co of Canada (US) . . . . .						
Sun Life and Health Insurance Co . . . . .						
Enstar Group Limited . . . . .	100	100%			BBB	
Fitzwilliam Ins Ltd . . . . .						
Benefits Re, LLC . . . . .	18	42%				
Supplemental Re . . . . .						
Swiss Re Ltd . . . . .	13	0%	AA-	Aa3	AA-	Aa3
Swiss Re Life & Health America Inc . . . . .			AA-	Aa3		
Westport Insurance Corp . . . . .						
Chubb Ltd . . . . .	8	100%	AA		AA	
Chubb Tempest Life Reinsurance Ltd . . . . .						
The Guardian Life Insurance Company of America . . . . .	6	12%			AA+	Aa2
The Guardian Life Insurance Company of America . . . . .						
Muenchener Rueckversicherungs-Gesellschaft AG . . . . .	5	8%			AA-	Aa3
Munich American Reassurance Co . . . . .						

<sup>(1)</sup> Collateral includes LOCs, assets held in trust and funds withheld. Percent collateralized is based on the total of individual contractual exposures aggregated at the reinsurer Parent Company level, which may differ for each individual contractual exposure.

**Item 8. Financial Statements and Supplementary Data**

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## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of Voya Financial, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Voya Financial, Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedules listed in the Index at item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 22, 2022 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.



### ***Deferred policy acquisition costs and Value of business acquired***

#### *Description of the Matter*

As disclosed in Note 6 to the consolidated financial statements, the Company's deferred policy acquisition costs and value of business acquired ("DAC/VOBA") totaled \$1.4 billion at December 31, 2021, net of unrealized gains and losses. The carrying amount of the DAC related to fixed and variable deferred annuity contracts is the total of costs deferred less amortization net of interest. The carrying amount of the VOBA related to fixed and variable deferred annuity contracts is the outstanding value of in-force business acquired, based on the present value of estimated net cash flows embedded in the insurance contracts at the time of the acquisition, less amortization net of interest. DAC and VOBA related to fixed and variable deferred annuity contracts are amortized over the estimated lives of the contracts in relation to the emergence of estimated gross profits.

As described in Note 1 to the consolidated financial statements, there is a significant amount of uncertainty inherent in calculating estimated gross profits as the calculation includes significant management judgment in developing certain assumptions such as persistency, interest crediting rates, fee income, returns associated with separate account performance, expenses to administer the business, and certain economic variables. Management's assumptions are adjusted, known as unlocking, over time for emerging experience and expected changes in trends. The unlocking results in DAC/VOBA amortization being recalculated, using the new assumptions for estimated gross profits, that results either in additional or less cumulative amortization expense.

Auditing management's estimate of DAC/VOBA related to fixed and variable deferred annuity contracts was complex due to the highly judgmental nature of assumptions included in the projection of estimated gross profits used in the valuation of DAC/VOBA.

#### *How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls over the DAC/VOBA estimation process, including, among others, controls related to management's evaluation of the need to update assumptions based on the comparison of actual Company experience to previous assumptions and updating investment margins for current and expected future market conditions.

We utilized actuarial specialists to assist with our audit procedures, which included, among others, reviewing the methodology applied by management by comparing to the methodology used in prior periods as well as industry practice. To assess the assumptions used in measuring estimated gross profits, we compared the significant assumptions noted above with historical experience, observable market data and management's estimates of prospective changes in these assumptions. We also independently recalculated estimated gross profits for a sample of policies for comparison with the actuarial result developed by management.

### ***Realizability of deferred tax assets***

#### *Description of the Matter*

As described in Note 17 to the consolidated financial statements, at December 31, 2021, the Company had total deferred tax assets of \$1.9 billion, net of a \$63 million valuation allowance. As described in Note 1 to the consolidated financial statements, these deferred tax assets represent the tax benefit of future deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if, based on the weight of all available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. In evaluating the need for a valuation allowance, the Company considers many factors, including the future reversal of existing temporary differences and the identification and use of available tax planning strategies. If those sources are insufficient to support the recoverability of the deferred tax assets, the Company then considers its projections of future taxable income, which involves significant management judgment.

Auditing management's assessment of the realizability of its deferred tax assets was complex because management's projection of future taxable income includes forward-looking assumptions which are inherently judgmental as they may be affected by future market or other economic conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls that relate to the development of the projection of future taxable income supporting the realizability of deferred tax assets. This included, among others, controls related to the review and approval process of future projected taxable income and the assumptions used in the Company's model.

Among other audit procedures performed, we evaluated the assumptions used by the Company to develop projections of future taxable income. We assessed the historical accuracy of management's projections by comparing the projections of future taxable income with the actual results of prior periods. We also evaluated management's consideration of current industry and economic trends and compared the projections of future taxable income with other available financial information prepared by the Company. Additionally, we utilized tax professionals to assist us in our audit procedures, which included, among others, evaluating the methodology utilized within the Company's future taxable income projections model by comparing to the methodology used in prior periods and testing the calculations within the model.

***Accounting for Reinsurance Transaction on January 4, 2021***

*Description of the Matter*

As discussed in Note 9 to the consolidated financial statements, on January 4, 2021, the Company entered into a series of reinsurance agreements with certain subsidiaries of Resolution Life U.S. Holdings, Inc (Resolution Life US). As a result of the reinsurance transactions, the Company reinsured \$11.4 billion of policyholder liabilities under indemnity coinsurance and modified coinsurance arrangements and recorded a reinsurance recoverable of \$10.4 billion. The Company ceded \$5.6 billion in premiums and \$5.5 billion in policyholder benefits. The Company transferred invested assets with a fair market value of \$10.8 billion and cash of \$427 million as consideration for the reinsurance arrangements. The Company also recognized non-cash assets of \$345 million and \$1.7 billion relating to a cost of reinsurance asset and deposit asset, respectively.

Auditing the reinsurance transaction on January 4, 2021 was complex due to multiple elements of the transaction including the assessment of risk transfer, determination of the cost of reinsurance asset, accounting for transfers of assets and liabilities and recording of the reinsurance recoverable and deposit asset amounts.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the controls over the reinsurance agreement process including, among others, controls related to whether the agreement passes risk transfer, the determination of the cost of reinsurance, and the accounting for transfers of assets and liabilities and recording of the reinsurance recoverable and deposit asset amounts.

Our audit procedures included, among others, assessing the terms of the reinsurance agreement with certain subsidiaries of Resolution Life US, evaluating management's risk transfer conclusion, testing the calculation of the cost of reinsurance and the recognized investments gains and benefit expense amounts, and testing the reinsurance recoverable and deposit asset recorded.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2001.

San Antonio, Texas

February 22, 2022

**Voya Financial, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2021 and 2020**  
(In millions, except share and per share data)

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of \$30,656 as of 2021 and \$37,531 as of 2020; allowance for credit losses of \$58 as of 2021 and \$26 as of 2020) .....	\$ 33,699	\$ 43,569
Fixed maturities, at fair value using the fair value option .....	2,354	3,011
Equity securities, at fair value (cost of \$240 as of 2021 and \$197 as of 2020) .....	240	242
Short-term investments .....	97	111
Mortgage loans on real estate .....	5,627	6,830
Less: Allowance for credit losses .....	15	89
Mortgage loans on real estate, net .....	5,612	6,741
Policy loans .....	392	718
Limited partnerships/corporations .....	1,739	1,476
Derivatives .....	171	215
Other investments .....	79	319
Securities pledged (amortized cost of \$1,091 as of 2021 and \$355 as of 2020) .....	1,198	449
Total investments .....	45,581	56,851
Cash and cash equivalents .....	1,402	1,502
Short-term investments under securities loan agreements, including collateral delivered .....	1,108	399
Accrued investment income .....	428	507
Premium receivable and reinsurance recoverable .....	13,663	3,575
Less: Allowance for credit losses on reinsurance recoverable .....	28	18
Premium receivable and reinsurance recoverable, net .....	13,635	3,557
Deferred policy acquisition costs and Value of business acquired .....	1,378	1,510
Deferred income taxes .....	986	1,186
Other assets .....	2,532	983
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value .....	2,469	1,724
Cash and cash equivalents .....	171	221
Corporate loans, at fair value using the fair value option .....	1,111	805
Other assets .....	28	18
Assets held in separate accounts .....	100,433	90,552
Assets held for sale .....	—	20,703
Total assets .....	\$ 171,262	\$ 180,518

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

**Voya Financial, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2021 and 2020**  
(In millions, except share and per share data)

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Liabilities and Shareholders' Equity:</b>		
Future policy benefits	\$ 9,952	\$ 10,211
Contract owner account balances	42,806	42,414
Payables under securities loan and repurchase agreements, including collateral held	1,183	353
Short-term debt	1	1
Long-term debt	2,595	3,044
Derivatives	231	387
Pension and other postretirement provisions	226	361
Current income taxes	23	2
Other liabilities	2,098	1,933
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	880	783
Other liabilities	1,013	684
Liabilities related to separate accounts	100,433	90,552
Liabilities held for sale	—	18,615
<b>Total liabilities</b>	<b>161,441</b>	<b>169,340</b>

Commitments and Contingencies (Note 19)

Shareholders' equity:

Preferred stock (\$0.01 par value per share; \$625 aggregate liquidation preference as of 2021 and 2020)	—	—
Common stock (\$0.01 par value per share; 900,000,000 shares authorized; 108,987,650 and 143,342,468 shares issued as of 2021 and 2020, respectively; 107,758,376 and 124,237,363 shares outstanding as of 2021 and 2020, respectively)	1	2
Treasury stock (at cost; 1,229,274 and 19,105,105 shares as of 2021 and 2020, respectively)	(80)	(1,016)
Additional paid-in capital	7,542	11,183
Accumulated other comprehensive income (loss)	2,100	4,898
Retained earnings (deficit):		
Unappropriated	(1,310)	(4,957)
<b>Total Voya Financial, Inc. shareholders' equity</b>	<b>8,253</b>	<b>10,110</b>
Noncontrolling interest	1,568	1,068
<b>Total shareholders' equity</b>	<b>9,821</b>	<b>11,178</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 171,262</b>	<b>\$ 180,518</b>

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

**Voya Financial, Inc.**  
**Consolidated Statements of Operations**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions, except per share data)

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
Net investment income	\$ 2,774	\$ 2,909	\$ 2,792
Fee income	1,827	2,026	1,969
Premiums	(3,354)	2,416	2,273
Net gains (losses):			
Total impairments	(2)	(81)	(65)
Less: Portion of impairments recognized in Other comprehensive income (loss)	—	—	(1)
Net impairments recognized in earnings	(2)	(81)	(64)
Other net gains (losses)	1,425	(284)	(100)
Total net gains (losses)	1,423	(365)	(164)
Other revenue	579	409	465
Income (loss) related to consolidated investment entities:			
Net investment income	981	254	143
Total revenues	<u>4,230</u>	<u>7,649</u>	<u>7,478</u>
<b>Benefits and expenses:</b>			
Policyholder benefits	(3,131)	2,954	2,583
Interest credited to contract owner account balances	968	1,147	1,167
Operating expenses	2,586	2,654	2,753
Net amortization of Deferred policy acquisition costs and Value of business acquired	795	352	182
Interest expense	186	159	174
Operating expenses related to consolidated investment entities:			
Interest expense	38	27	38
Other expense	11	4	7
Total benefits and expenses	<u>1,453</u>	<u>7,297</u>	<u>6,904</u>
Income (loss) from continuing operations before income taxes	2,777	352	574
Income tax expense (benefit)	(98)	(18)	(217)
Income (loss) from continuing operations	2,875	370	791
Income (loss) from discontinued operations, net of tax	12	(419)	(1,101)
Net income (loss)	2,887	(49)	(310)
Less: Net income (loss) attributable to noncontrolling interest	761	157	50
Net income (loss) available to Voya Financial, Inc.	2,126	(206)	(360)
Less: Preferred stock dividends	36	36	28
Net income (loss) available to Voya Financial, Inc.'s common shareholders	<u>\$ 2,090</u>	<u>\$ (242)</u>	<u>\$ (388)</u>
Net income (loss) per common share:			
Basic			
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	<u>\$ 17.81</u>	<u>\$ 1.39</u>	<u>\$ 5.06</u>
Income (loss) available to Voya Financial, Inc.'s common shareholders	<u>\$ 17.92</u>	<u>\$ (1.90)</u>	<u>\$ (2.75)</u>
Diluted			
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	<u>\$ 16.52</u>	<u>\$ 1.34</u>	<u>\$ 4.85</u>
Income (loss) available to Voya Financial, Inc.'s common shareholders	<u>\$ 16.61</u>	<u>\$ (1.84)</u>	<u>\$ (2.64)</u>

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

**Voya Financial, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net income (loss) .....	\$ 2,887	\$ (49)	\$ (310)
Other comprehensive income (loss), before tax:			
Unrealized gains (losses) on securities .....	(3,248)	1,987	3,016
Pension and other postretirement benefits liability .....	(2)	(3)	(4)
Other comprehensive income (loss), before tax .....	(3,250)	1,984	3,012
Income tax expense (benefit) related to items of other comprehensive income (loss) .....	(452)	417	631
Other comprehensive income (loss), after tax .....	(2,798)	1,567	2,381
Comprehensive income (loss) .....	89	1,518	2,071
Less: Comprehensive income (loss) attributable to noncontrolling interest ..	761	157	50
Comprehensive income (loss) attributable to Voya Financial, Inc. ....	\$ (672)	\$ 1,361	\$ 2,021

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

**Voya Financial, Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)		Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
						Unappropriated				
Balance at January 1, 2019	\$ —	\$ 3	\$ (4,981)	\$ 24,316	\$ 607	\$ —	\$ (11,792)	\$ 8,153	\$ 792	\$ 8,945
Cumulative effect of changes in accounting: Adjustment for adoption of ASU 2018-02	—	—	—	—	343	—	(343)	—	—	—
Comprehensive income (loss):	—	—	—	—	2,381	—	(360)	(360)	50	(310)
Net income (loss)	—	—	—	—	2,381	—	—	2,381	—	2,381
Other comprehensive income (loss), after tax	—	—	—	—	—	—	—	—	—	—
Total comprehensive income (loss)	—	—	—	—	2,381	—	—	2,381	—	2,381
Preferred stock issuance	—	—	—	293	—	—	—	2,021	50	2,071
Common stock issuance	—	—	—	3	—	—	—	293	—	293
Common stock acquired - Share repurchase	—	—	(1,096)	(40)	—	—	—	3	—	3
Dividends on common stock	—	—	—	(44)	—	—	—	(1,136)	—	(1,136)
Treasury stock retirement	—	(1)	5,666	(13,452)	—	—	7,787	(44)	—	(44)
Dividends on preferred stock	—	—	(18)	—	—	—	(10)	—	—	(28)
Share-based compensation	—	—	(49)	126	—	—	—	77	—	77
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	—	(20)	(20)
Balance at December 31, 2019	—	2	(460)	11,184	3,331	—	(4,718)	9,339	822	10,161
Adjustment for adoption of ASU 2016-13	—	—	—	—	—	—	(33)	(33)	—	(33)
Comprehensive income (loss):	—	—	—	—	1,567	—	(206)	(206)	157	(49)
Net income (loss)	—	—	—	—	1,567	—	—	1,567	—	1,567
Other comprehensive income (loss), after tax	—	—	—	—	—	—	—	—	—	—
Total comprehensive income (loss)	—	—	—	—	1,567	—	—	1,567	157	1,518
Net consolidations (deconsolidations) of consolidated investment entities	—	—	—	—	—	—	—	—	(103)	—
Common stock issuance	—	—	—	4	—	—	—	4	—	4
Common stock acquired - Share repurchase	—	—	(526)	10	—	—	—	(516)	—	(516)
Dividends on preferred stock	—	—	—	(36)	—	—	—	(36)	—	(36)
Dividends on common stock	—	—	—	(76)	—	—	—	(76)	—	(76)
Share-based compensation	—	—	(30)	97	—	—	—	67	—	67
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	—	192	192
Balance as of December 31, 2020	—	2	(1,016)	11,183	4,898	—	(4,957)	10,110	1,068	11,178
Comprehensive income (loss):	—	—	—	—	—	—	2,126	2,126	761	2,887
Net income (loss)	—	—	—	—	—	—	—	—	—	—
Reversal of other comprehensive income (loss) due to Individual Life Transaction	—	—	—	—	(913)	—	—	(913)	—	(913)
Other comprehensive income (loss), after tax	—	—	—	—	(1,885)	—	—	(1,885)	—	(1,885)
Total comprehensive income (loss)	—	—	—	—	—	—	—	—	—	—
Net consolidations (deconsolidations) of consolidated investment entities	—	—	—	—	—	—	—	(672)	761	89
Common stock issuance	—	—	—	4	—	—	—	—	8	8
Common stock acquired - Share repurchase	—	—	(1,143)	30	—	—	—	4	—	4
Treasury stock retirement	—	(1)	2,144	(3,664)	—	—	1,521	(1,113)	—	(1,113)
Dividends on preferred stock	—	—	—	(36)	—	—	—	(36)	—	(36)
Dividends on common stock	—	—	—	(80)	—	—	—	(80)	—	(80)
Share-based compensation	—	—	(65)	105	—	—	—	40	—	40
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	—	(269)	(269)
Balance as of December 31, 2021	—	1	(80)	7,542	2,100	—	(1,310)	8,253	1,566	9,821

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

**Voya Financial, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	Year Ended December 31,		
	2021	2020	2019
<b>Cash Flows from Operating Activities:</b>			
Net income (loss)	\$ 2,887	\$ (49)	\$ (310)
Adjustments to reconcile Net income (loss) to Net cash provided by operating activities:			
(Income) loss from discontinued operations, net of tax	(12)	419	1,101
Capitalization of deferred policy acquisition costs, value of business acquired and sales inducements	(104)	(110)	(103)
Net amortization of deferred policy acquisition costs, value of business acquired and sales inducements	797	357	189
Future policy benefits, claims reserves and interest credited	1,249	706	568
Deferred income tax expense (benefit)	346	(9)	(318)
Net (gains) losses	(1,423)	365	164
Share-based compensation	88	88	98
Loss related to early extinguishment of debt	31	—	—
(Gains) losses on consolidated investment entities	(943)	(258)	(102)
(Gains) losses on limited partnerships/corporations	(316)	(30)	(93)
Change in:			
Premiums receivable and reinsurance recoverable	(1,474)	462	110
Other receivables and assets accruals	86	(408)	261
Other payables and accruals	195	523	(76)
(Increase) decrease in cash held by consolidated investment entities	(703)	(439)	(57)
Other, net	(382)	—	8
Net cash used in operating activities - discontinued operations	(250)	(408)	(130)
Net cash provided by operating activities	<u>72</u>	<u>1,209</u>	<u>1,310</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from the sale, maturity, disposal or redemption of:			
Fixed maturities	6,638	5,395	6,423
Fixed maturities, trading	46	—	—
Equity securities	312	192	163
Mortgage loans on real estate	816	569	1,153
Limited partnerships/corporations	790	333	205
Acquisition of:			
Fixed maturities	(7,785)	(6,719)	(6,455)
Fixed maturities, trading	(46)	—	—
Equity securities	(278)	(192)	(55)
Mortgage loans on real estate	(808)	(522)	(760)
Limited partnerships/corporations	(448)	(369)	(403)
Short-term investments, net	174	(37)	58
Derivatives, net	2	64	(29)
Sales from consolidated investment entities	1,055	413	586
Purchases within consolidated investment entities	(2,138)	(1,084)	(1,385)
Proceeds from sale of business	274	—	—
Collateral received (delivered), net	121	(24)	(95)
Receipts on deposit asset contracts	73	—	—
Other, net	399	24	(35)
Net cash provided by (used in) investing activities - discontinued operations	476	(504)	(626)
Net cash used in investing activities	<u>(327)</u>	<u>(2,461)</u>	<u>(1,255)</u>



**Year Ended December 31,**

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Financing Activities:</b>			
Deposits received for investment contracts	5,902	6,221	4,383
Maturities and withdrawals from investment contracts	(6,245)	(5,518)	(5,180)
Settlements on deposit liability contracts	(7)	(7)	(8)
Repayment of debt with maturities of more than three months	(482)	(1)	(113)
Borrowings of consolidated investment entities	1,523	697	1,106
Repayments of borrowings of consolidated investment entities	(1,267)	(968)	(903)
Contributions from (distributions to) participants in consolidated investment entities	1,601	1,418	715
Proceeds from issuance of common stock, net	4	4	3
Proceeds from issuance of preferred stock, net	—	—	293
Share-based compensation	(44)	(17)	(22)
Common stock acquired - Share repurchase	(1,113)	(516)	(1,136)
Dividends paid on preferred stock	(36)	(36)	(28)
Dividends paid on common stock	(80)	(76)	(44)
Principal payments for financing leases	(21)	(22)	—
Net cash provided by financing activities - discontinued operations	—	523	813
Net cash provided by (used in) financing activities	(265)	1,702	(121)
Net increase (decrease) in cash and cash equivalents	(520)	450	(66)
Cash and cash equivalents, beginning of period	1,922	1,472	1,538
Cash and cash equivalents, end of period	1,402	1,922	1,472
Less: Cash and cash equivalents of discontinued operations, end of period	—	420	291
Cash and cash equivalents of continuing operations, end of period	<u>\$ 1,402</u>	<u>\$ 1,502</u>	<u>\$ 1,181</u>
<b>Supplemental cash flow information:</b>			
Income taxes paid (received), net	\$ 3	\$ (111)	\$ (127)
Interest paid	157	154	159
<b>Non-cash investing and financing activities:</b>			
Initial recognition of operating leases upon adoption of ASU 2016-02	\$ —	\$ —	\$ 146
Leased assets in exchange for finance lease liabilities	—	—	68
Treasury stock retirement	1,521	—	7,787

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

## **1. Business, Basis of Presentation and Significant Accounting Policies**

### ***Business***

Voya Financial, Inc. and its subsidiaries (collectively the "Company") is a financial services organization in the United States that offers a broad range of retirement services, investment management services, mutual funds, group insurance and supplemental health products.

On January 4, 2021, the Company completed a series of transactions pursuant to a Master Transaction Agreement (the "Resolution MTA") entered into on December 18, 2019 with Resolution Life U.S. Holdings Inc., a Delaware corporation ("Resolution Life US"), pursuant to which Resolution Life US acquired all of the shares of the capital stock of Security Life of Denver Company ("SLD") and Security Life of Denver International Limited ("SLDI"), including the capital stock of several subsidiaries of SLD and SLDI. The Company will continue to hold an insignificant number of Individual Life, and non-Wealth Solutions annuity policies which together with the businesses sold through divestment or reinsurance will be referred to as "divested businesses".

Concurrently with the sale, SLD entered into reinsurance agreements with insurance subsidiaries of the Company. Pursuant to these agreements, the Company's subsidiaries reinsured to SLD certain individual life insurance and annuity businesses. The sale of SLD, SLDI and several of their subsidiaries along with the aforementioned reinsurance transactions are referred to herein as the "Individual Life Transaction". The Individual Life Transaction resulted in the disposition of substantially all of the Company's life insurance and legacy non-Wealth Solutions annuity businesses and related assets.

On March 15, 2021, the Company announced several updates to our operating model and leadership team. In conjunction with those updates, the Retirement and Employee Benefits segments were renamed to Wealth Solutions and Health Solutions, respectively. The Company will continue to provide its principal products and services through three segments: Wealth Solutions, Investment Management and Health Solutions. In addition, the Company includes in Corporate, activities that are not directly related to its segments and certain run-off activities that are not meaningful to the Company's business strategy. See the Segments Note to these Consolidated Financial Statements.

On June 9, 2021, the Company completed the sale of the independent financial planning channel of Voya Financial Advisors ("VFA") to Cetera Financial Group, Inc. ("Cetera"), one of the nation's largest networks of independently managed broker-dealers. In connection with this transaction, the Company transferred more than 800 independent financial professionals serving retail customers with approximately \$38 billion in assets under advisement to Cetera, while retaining approximately 500 field and phone-based financial professionals who support our Wealth Solutions business. In addition, the sale resulted in a gain, net of transaction costs, of \$274, before income taxes, which was recorded in Other revenue in the accompanying Consolidated Statements of Operations.

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. In May 2013, Voya Financial Inc. completed its initial public offering ("IPO") of common stock, including the issuance and sale of common stock by Voya Financial, Inc. and the sale of shares of common stock owned indirectly by ING Group. Between October 2013 and March 2015, ING Group completed the sale of its remaining shares of common stock of Voya Financial, Inc. in a series of registered public offerings.

### ***Basis of Presentation***

The accompanying Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The Consolidated Financial Statements include the accounts of Voya Financial, Inc. and its subsidiaries, as well as other voting interest entities ("VOEs") and variable interest entities ("VIEs") in which the Company has a controlling financial interest. See the *Consolidated and Nonconsolidated Investment Entities* Note to these Consolidated Financial Statements. Intercompany transactions and balances have been eliminated.

Certain reclassifications have been made to prior-period amounts to conform to current-period reporting classifications. These reclassifications had no impact on Net income (loss) or Total shareholders' equity.

## ***Significant Accounting Policies***

### *Estimates and Assumptions*

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 as of the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. The inputs into the Company's estimates and assumptions consider the economic implications of COVID-19 on the Company's critical and significant accounting estimates. Those estimates are inherently subject to change and actual results could differ from those estimates, and the differences may be material to the Consolidated Financial Statements.

The Company has identified the following accounts and policies as the most significant in that they involve a higher degree of judgment, are subject to a significant degree of variability and/or contain significant accounting estimates:

- Reserves for future policy benefits;
- Deferred policy acquisition costs ("DAC"), value of business acquired ("VOBA") and other intangibles (collectively, "DAC/VOBA and other intangibles");
- Valuation of investments and derivatives;
- Impairments;
- Income taxes;
- Contingencies; and
- Employee benefit plans.

### *Fair Value Measurement*

The Company measures the fair value of its financial assets and liabilities based on assumptions used by market participants in pricing the asset or liability, which may include inherent risk, restrictions on the sale or use of an asset, or nonperformance risk, including the Company's own credit risk. The estimate of fair value is the price that would be received to sell an asset or transfer a liability ("exit price") in an orderly transaction between market participants in the principal market, or the most advantageous market in the absence of a principal market, for that asset or liability. The Company uses a number of valuation sources to determine the fair values of its financial assets and liabilities, including quoted market prices, third-party commercial pricing services, third-party brokers, industry-standard, vendor-provided software that models the value based on market observable inputs, and other internal modeling techniques based on projected cash flows.

### *Investments*

The accounting policies for the Company's principal investments are as follows:

*Fixed Maturities and Equity Securities:* The Company measures its equity securities at fair value and recognizes any changes in fair value in net income.

The Company's fixed maturities are generally designated as available-for-sale. In addition, the Company has fixed maturities accounted for using the fair value option ("FVO"), and in the second quarter of 2021, the Company established a trading portfolio of fixed maturity debt securities. Available-for-sale securities are reported at fair value and unrealized capital gains (losses) on these securities are recorded directly in AOCI and presented net of related changes in DAC/VOBA and other intangibles and Deferred income taxes. Trading securities are valued at fair value, with the changes in fair value recorded in Other net gains (losses) and interest income recorded in Net investment income in the Consolidated Statements of Operations. In addition, certain fixed maturities have embedded derivatives, which are reported with the host contract on the Consolidated Balance Sheets.

In connection with funds withheld reinsurance treaties, the Company has elected the FVO for certain of its fixed maturities to better match the measurement of those assets and related embedded derivative liabilities in the Consolidated Statements of Operations. Certain collateralized mortgage obligations ("CMOs"), primarily interest-only and principal-only strips, are accounted for as hybrid instruments and valued at fair value with changes in the fair value recorded in Other net gains (losses). Changes in fair value associated with derivatives purchased to hedge CMOs are also recorded in Other net gains (losses).

Purchases and sales of fixed maturities and equity securities, excluding private placements, are recorded on the trade date. Purchases and sales of private placements and mortgage loans are recorded on the closing date. Investment gains and losses on sales of securities are generally determined on a first-in-first-out ("FIFO") basis.

Interest income on fixed maturities is recorded when earned using an effective yield method, giving effect to amortization of premiums and accretion of discounts. Dividends on equity securities are recorded when declared. Such dividends and interest income are recorded in Net investment income in the Consolidated Statements of Operations.

Included within fixed maturities are loan-backed securities, including residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS"). Amortization of the premium or discount from the purchase of these securities considers the estimated timing and amount of prepayments of the underlying loans. Actual prepayment experience is periodically reviewed and effective yields are recalculated when differences arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. Prepayment assumptions for single-class and multi-class mortgage-backed securities ("MBS") and ABS are estimated by management using inputs obtained from third-party specialists, including broker-dealers, and based on management's knowledge of the current market. For prepayment-sensitive securities such as interest-only and principal-only strips, inverse floaters and credit-sensitive MBS and ABS securities, which represent beneficial interests in securitized financial assets that are not of high credit quality or that have been credit impaired, the effective yield is recalculated on a prospective basis. For all other MBS and ABS, the effective yield is recalculated on a retrospective basis.

*Short-term Investments:* Short-term investments include investments with remaining maturities of one year or less, but greater than three months, at the time of purchase. These investments are stated at fair value.

*Mortgage Loans on Real Estate:* The Company's mortgage loans on real estate are all commercial mortgage loans, which are reported at amortized cost, net of allowance for credit losses. Amortized cost is the principal balance outstanding, net of deferred loan fees and costs. Accrued interest receivable is reported in Accrued investment income on the Consolidated Balance Sheets.

Mortgage loans are evaluated by the Company's investment professionals, including an appraisal of loan-specific credit quality, property characteristics and market trends. Loan performance is continuously monitored on a loan-specific basis throughout the year. The Company's review includes submitted appraisals, operating statements, rent revenues and annual inspection reports, among other items. This review evaluates whether the properties are performing at a consistent and acceptable level to secure the debt.

Management estimates the credit loss allowance balance using a factor-based method of probability of default and loss given default which incorporates relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Included in the factor-based method are the consideration of debt type, capital market factors, and market vacancy rates, and loan-specific risk characteristics such as debt service coverage ratios ("DSC"), loan-to-value ("LTV"), collateral size, seniority of the loan, segmentation, and property types.

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. The change in the allowance for credit losses is recorded in Other net gains (losses). Loans are written off against the allowance when management believes the uncollectability of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously written-off and expected to be written-off.

Mortgages are rated for the purpose of quantifying the level of risk. Those loans with higher risk are placed on a watch list and are closely monitored for collateral deficiency or other credit events that may lead to a potential loss of principal or interest. The Company defines delinquent mortgage loans consistent with industry practice as 60 days past due.

Commercial mortgage loans are placed on non-accrual status when 90 days in arrears if the Company has concerns regarding the collectability of future payments, or if a loan has matured without being paid off or extended. Factors considered may include conversations with the borrower, loss of major tenant, bankruptcy of borrower or major tenant, decreased property cash flow, number of days past due, or various other circumstances. Based on an assessment as to the collectability of the principal, a determination is made either to apply against the book value or apply according to the contractual terms of the loan. Funds

recovered in excess of book value would then be applied to recover expenses, impairments, and then interest. Accrual of interest resumes after factors resulting in doubts about collectability have improved.

For those mortgages that are determined to require foreclosure, expected credit losses are based on the fair value of the underlying collateral, net of estimated costs to obtain and sell at the point of foreclosure. Property obtained from foreclosed mortgage loans is recorded in Other investments on the Consolidated Balance Sheets.

*Policy Loans:* Policy loans are carried at an amount equal to the unpaid balance. Interest income on such loans is recorded as earned in Net investment income using the contractually agreed upon interest rate. Generally, interest is capitalized on the policy's anniversary date. Valuation allowances are not established for policy loans, as these loans are collateralized by the cash surrender value of the associated insurance contracts. Any unpaid principal or interest on the loan is deducted from the account value or the death benefit prior to settlement of the policy.

*Limited Partnerships/Corporations:* The Company uses the equity method of accounting for investments in limited partnership interests that are not consolidated, which primarily consist of investments in private equity funds, hedge funds and other VIEs for which the Company is not the primary beneficiary. Generally, the Company records its share of earnings using a lag methodology, relying on the most recent financial information available, generally not to exceed three months. The Company's earnings from limited partnership interests accounted for under the equity method are recorded in Net investment income.

*Other Investments:* Other investments are comprised primarily of Federal Home Loan Bank ("FHLB") stock and property obtained from foreclosed mortgage loans, as well as other miscellaneous investments. The Company is a member of the FHLB system and is required to own a certain amount of FHLB stock based on the level of borrowings and other factors. FHLB stock is carried at cost, classified as a restricted security and periodically evaluated for impairment based on ultimate recovery of par value.

*Securities Pledged:* The Company engages in securities lending whereby certain securities from its portfolio are loaned to other institutions, through a lending agent, for short periods of time. The Company has the right to approve any institution with whom the lending agent transacts on its behalf. Initial collateral, primarily cash, is required at a rate of 103% of the market value of the loaned securities. The lending agent retains the collateral and invests it in short-term liquid assets on behalf of the Company. 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. The lending agent indemnifies the Company against losses resulting from the failure of a counterparty to return securities pledged where collateral is insufficient to cover the loss.

### *Impairments*

The Company evaluates its available-for-sale investments quarterly to determine whether a decline in fair value below the amortized cost basis has resulted from credit loss or other factors. This evaluation process entails considerable judgment and estimation. Factors considered in this analysis include, but are not limited to, the extent to which the fair value has been less than amortized cost, the issuer's financial condition and near-term prospects, future economic conditions and market forecasts, interest rate changes and changes in ratings of the security. A severe unrealized loss position on a fixed maturity may not have any impact on (a) the ability of the issuer to service all scheduled interest and principal payments and (b) the evaluation of recoverability of all contractual cash flows or the ability to recover an amount at least equal to its amortized cost based on the present value of the expected future cash flows to be collected.

When assessing the Company's intent to sell a security, or if it is more likely than not it will be required to sell a security before recovery of its amortized cost basis, management evaluates facts and circumstances such as, but not limited to, decisions to rebalance the investment portfolio and sales of investments to meet cash flow or capital needs.

When the Company has determined it has the intent to sell, or if it is more likely than not that the Company will be required to sell a security before recovery of its amortized cost basis, and the fair value has declined below amortized cost ("intent impairment"), the individual security is written down from amortized cost to fair value, and a corresponding charge is recorded in Net gains (losses) as impairments in the Consolidated Statements of Operations.

For available-for-sale securities that do not meet the intent impairment criteria but the Company has determined that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis

of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss allowance is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through an allowance for credit losses is recognized in Other comprehensive income (loss).

The Company uses the following methodology and significant inputs in determining whether a credit loss exists:

- When determining collectability and the period over which the value is expected to recover for U.S. and foreign corporate securities, foreign government securities and state and political subdivision securities, the Company applies the same considerations utilized in its overall impairment evaluation process, which incorporates information regarding the specific security, the industry and geographic area in which the issuer operates and overall macroeconomic conditions. Projected future cash flows are estimated using assumptions derived from the Company's best estimates of likely scenario-based outcomes, after giving consideration to a variety of variables that includes, but is not limited to: general payment terms of the security; the likelihood that the issuer can service the scheduled interest and principal payments; the quality and amount of any credit enhancements; the security's position within the capital structure of the issuer; possible corporate restructurings or asset sales by the issuer; and changes to the rating of the security or the issuer by rating agencies.
- Additional considerations are made when assessing the unique features that apply to certain structured securities, such as subprime, Alt-A, non-agency RMBS, CMBS and ABS. These additional factors for structured securities include, but are not limited to: the quality of underlying collateral; expected prepayment speeds; loan-to-value ratios; debt service coverage ratios; current and forecasted loss severity; consideration of the payment terms of the underlying assets backing a particular security; and the payment priority within the tranche structure of the security.
- When determining the amount of the credit loss for U.S. and foreign corporate securities, foreign government securities and state and political subdivision securities, the Company considers the estimated fair value as the recovery value when available information does not indicate that another value is more appropriate. When information is identified that indicates a recovery value other than estimated fair value, the Company considers in the determination of recovery value the same considerations utilized in its overall impairment evaluation process, which incorporates available information and the Company's best estimate of scenario-based outcomes regarding the specific security and issuer; possible corporate restructurings or asset sales by the issuer; the quality and amount of any credit enhancements; the security's position within the capital structure of the issuer; fundamentals of the industry and geographic area in which the security issuer operates; and the overall macroeconomic conditions.
- The Company performs a discounted cash flow analysis comparing the current amortized cost of a security to the present value of future cash flows expected to be received, including estimated defaults and prepayments. The discount rate is generally the effective interest rate of the fixed maturity prior to impairment.

Changes in the allowance for credit losses are recorded in Net gains (losses) as impairments. Losses are charged against the allowance when the Company believes the uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale securities is excluded from the estimate of credit losses. The Company evaluates the collectability of accrued interest receivable as part of its quarterly impairment evaluation of available-for-sale investments. Losses are recorded in Net investment income when the Company believes the uncollectability of the accrued interest receivable is confirmed.

### *Derivatives*

The Company's use of derivatives is limited mainly to economic hedging to reduce the Company's exposure to cash flow variability of assets and liabilities, interest rate risk, credit risk, exchange rate risk and market risk. It is the Company's policy not to offset amounts recognized for derivative instruments and amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement, which provides the Company with the legal right of offset. However, in accordance with the Chicago Mercantile Exchange ("CME") rules related to the variation margin payments, the Company is required to adjust the derivative balances with the variation margin payments related to its cleared derivatives executed through CME.

The Company enters into interest rate, equity market, credit default and currency contracts, including swaps, futures, forwards, caps, floors and options, to reduce and manage various risks associated with changes in value, yield, price, cash flow or exchange rates of assets or liabilities held or intended to be held, or to assume or reduce credit exposure associated with a referenced asset, index or pool. The Company also utilizes options and futures on equity indices to reduce and manage risks associated with its universal life-type and annuity products. Derivative contracts are reported as Derivatives assets or liabilities on the Consolidated Balance Sheets at fair value. Changes in the fair value of derivatives are recorded in Other net gains (losses) in the Consolidated Statements of Operations.

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge as either (a) a hedge of the exposure to changes in the estimated fair value of a recognized asset or liability or an identified portion thereof that is attributable to a particular risk ("fair value hedge") or (b) a hedge of a forecasted transaction or of the variability of cash flows that is attributable to interest rate risk to be received or paid related to a recognized asset or liability ("cash flow hedge"). In this documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method that will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship.

- *Fair Value Hedge:* For derivative instruments that are designated and qualify as a fair value hedge, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in the same line item in the Consolidated Statements of Operations as impacted by the hedged item.
- *Cash Flow Hedge:* For derivative instruments that are designated and qualify as a cash flow hedge, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is reported as a component of AOCI. Those amounts are subsequently reclassified to earnings when the hedged item affects earnings, and are reported in the same line item in the Consolidated Statements of Operations as impacted by the hedged item.

Even if a derivative qualifies for hedge accounting treatment, there may be an element of ineffectiveness of the hedge. The ineffective portion of a hedging relationship subject to hedge accounting is recognized in Net gains (losses) in the Consolidated Statements of Operations.

When hedge accounting is discontinued because it is determined that the derivative is no longer expected to be highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item, the derivative continues to be carried on the Consolidated Balance Sheets at its estimated fair value, with subsequent changes in estimated fair value recognized currently in Other net gains (losses). The carrying value of the hedged asset or liability under a fair value hedge is no longer adjusted for changes in its estimated fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurrence, the changes in estimated fair value of derivatives recorded in Other comprehensive income (loss) related to discontinued cash flow hedges are released into the Consolidated Statements of Operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date, or within two months of that date, the derivative continues to be carried on the Consolidated Balance Sheets at its estimated fair value, with changes in estimated fair value recognized currently in Other net gains (losses). Derivative gains and losses recorded in Other comprehensive income (loss) pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable are recognized immediately in Other net gains (losses).

The Company also has investments in certain fixed maturities and has issued certain universal life-type and annuity products that contain embedded derivatives for which fair value is at least partially determined by levels of or changes in domestic and/or foreign interest rates (short-term or long-term), exchange rates, prepayment rates, equity markets or credit ratings/spreads. Embedded derivatives within fixed maturities are included with the host contract on the Consolidated Balance Sheets, and changes in the fair value of the embedded derivatives are recorded in Other net gains (losses). Embedded derivatives within certain universal life-type and annuity products are included in Future policy benefits on the Consolidated Balance Sheets, and changes in the fair value of the embedded derivatives are recorded in Other net gains (losses).

In addition, the Company has entered into coinsurance with funds withheld and modified coinsurance reinsurance arrangements that contain embedded derivatives, the fair value of which is based on the change in the fair value of the underlying assets held in trust. The embedded derivatives within coinsurance with funds withheld reinsurance arrangements and modified coinsurance reinsurance arrangements are reported with the host contract in Other liabilities and Premium receivables and reinsurance recoverable, respectively, on the Consolidated Balance Sheets. Changes in the fair value of embedded derivatives are recorded in Policyholder benefits in the Consolidated Statements of Operations.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, amounts due from banks and other highly liquid investments, such as money market instruments and debt instruments with maturities of three months or less at the time of purchase. Cash and cash equivalents are stated at fair value. Cash and cash equivalents of VIEs and VOEs are not available for general use by the Company.

#### *Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles*

DAC represents policy acquisition costs that have been capitalized and are subject to amortization and interest. Capitalized costs are incremental, direct costs of contract acquisition and certain other costs related directly to successful acquisition activities. Such costs consist principally of commissions, underwriting, sales and contract issuance and processing expenses directly related to the successful acquisition of new and renewal business. Indirect or unsuccessful acquisition costs, maintenance, product development and overhead expenses are charged to expense as incurred. VOBA represents the outstanding value of in-force business acquired and is subject to amortization and interest. The value is based on the present value of estimated net cash flows embedded in the insurance contracts at the time of the acquisition and increased for subsequent deferrable expenses on purchased policies.

Collectively, the Company refers to DAC, VOBA, deferred sales inducements ("DSI") and unearned revenue ("URR") as "DAC/VOBA and other intangibles." (See "Insurance Revenue and Related Benefits" section below). DAC/VOBA and other intangibles are adjusted for the impact of unrealized capital gains (losses) on investments, as if such gains (losses) have been realized, with corresponding adjustments included in AOCI.

#### Amortization Methodologies

The Company amortizes DAC and VOBA related to certain traditional life insurance contracts and certain accident and health insurance contracts over the premium payment period in proportion to the present value of expected gross premiums. Assumptions as to mortality, morbidity, persistency and interest rates, which include provisions for adverse deviation, are consistent with the assumptions used to calculate reserves for future policy benefits.

These assumptions are "locked-in" at issue and not revised unless the DAC or VOBA balance is deemed to be unrecoverable from future expected profits. Recoverability testing is performed for current issue year products to determine if gross premiums are sufficient to cover DAC or VOBA, estimated benefits and related expenses. In subsequent periods, the recoverability of DAC or VOBA is determined by assessing whether future gross premiums are sufficient to amortize DAC or VOBA, as well as provide for expected future benefits and related expenses. If a premium deficiency is deemed to be present, charges will be applied against the DAC and VOBA balances before an additional reserve is established. Absent such a premium deficiency, variability in amortization after policy issuance or acquisition relates only to variability in premium volumes.

The Company amortizes DAC and VOBA related to deferred annuity contracts over the estimated lives of the contracts in relation to the emergence of estimated gross profits. 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 ("unlocking"). As of December 31, 2021 and 2020, \$430 and \$307 of DAC/VOBA was amortized in relation to the emergence of estimated gross profits, respectively, and recorded in Net amortization of Deferred policy acquisition costs and Value of business acquired on the Consolidated Balance Sheets.

For deferred annuity contracts, recoverability testing is performed for current issue year products to determine if gross profits are sufficient to cover DAC/VOBA and other intangibles, estimated benefits and related expenses. In subsequent years, the Company performs testing to assess the recoverability of DAC/VOBA and other intangibles on an annual basis, or more



frequently if circumstances indicate a potential loss recognition issue exists. If DAC/VOBA or other intangibles are not deemed recoverable from future gross profits, charges will be applied against the DAC/VOBA or other intangible balances before an additional reserve is established.

#### Internal Replacements

Contract owners may periodically exchange one contract for another, or make modifications to an existing contract. These transactions are identified as internal replacements. Internal replacements that are determined to result in substantially unchanged contracts are accounted for as continuations of the replaced contracts. Any costs associated with the issuance of the new contracts are considered maintenance costs and expensed as incurred. Unamortized DAC/VOBA and other intangibles related to the replaced contracts continue to be deferred and amortized in connection with the new contracts. Internal replacements that are determined to result in contracts that are substantially changed are accounted for as extinguishments of the replaced contracts, and any unamortized DAC/VOBA and other intangibles related to the replaced contracts are written off to the same account in which amortization is reported in the Consolidated Statements of Operations.

#### Assumptions

Changes in assumptions may have a significant impact on DAC/VOBA and other intangible balances, amortization rates, and results of operations. Assumptions are management's best estimate of future outcome.

Several assumptions are considered significant in the estimation of gross profits associated with the Company's deferred annuity products. One significant assumption is the assumed return associated with the variable account performance. To reflect the volatility in the equity markets, this assumption involves a combination of near-term expectations and long-term assumptions regarding market performance. The overall return on the variable account is dependent on multiple factors, including the relative mix of the underlying sub-accounts among bond funds and equity funds, as well as equity sector weightings. The Company uses a reversion to the mean approach, which assumes that the market returns over the entire mean reversion period are consistent with a long-term level of equity market appreciation. The Company monitors market events and only changes the assumption when sustained deviations are expected. This methodology incorporates an 8% long-term equity return assumption, a 14% cap and a five-year look-forward period.

Other significant assumptions used in the estimation of gross profits include general account investment returns, crediting rates, expense and fees, as well as policyholder behavior assumptions such as premiums, surrenders and lapses.

#### *Contract Costs Associated with Certain Financial Services Contracts*

Contract cost assets represent costs incurred to obtain or fulfill a non-insurance financial services contract that are expected to be recovered and, thus, have been capitalized and are subject to amortization. Capitalized contract costs include incremental costs of obtaining a contract and fulfillment costs that relate directly to a contract and generate or enhance resources of the Company that are used to satisfy performance obligations. Capitalized contract costs are amortized on a straight-line basis over the estimated lives of the contracts, which typically range from 5 to 15 years.

Capitalized contract costs are included in Other assets on the Consolidated Balance Sheets, and costs expensed as incurred are included in Operating expenses in the Consolidated Statements of Operations.

As of December 31, 2021 and 2020 contract cost assets were \$104 and \$107, respectively. For the years ended December 31, 2021, 2020 and 2019 amortization expense of \$23, \$25 and \$25, respectively, was recorded in Operating expenses in the Consolidated Statement of Operations. There was no impairment loss in relation to the contract costs capitalized.

#### *Future Policy Benefits and Contract Owner Account Balances*

##### Future Policy Benefits

The Company establishes and carries actuarially-determined reserves that are calculated to meet its future obligations, including estimates of unpaid claims and claims that the Company believes have been incurred but have not yet been reported as of the balance sheet date. The principal assumptions used to establish liabilities for future policy benefits are based on Company experience and periodically reviewed against industry standards. These assumptions include mortality, morbidity, policy lapse, contract renewal, payment of subsequent premiums or deposits by the contract owner, retirement, investment returns, inflation,

benefit utilization and expenses. Changes in, or deviations from, the assumptions used can significantly affect the Company's reserve levels and related results of operations.

- Reserves for traditional life insurance contracts (term insurance, participating and non-participating whole life insurance and traditional group life insurance) and accident and health insurance represent the present value of future benefits to be paid to or on behalf of contract owners and related expenses, less the present value of future net premiums. Assumptions as to interest rates, mortality, expenses and persistency are based on the Company's estimates of anticipated experience at the period the policy is sold or acquired, including a provision for adverse deviation. Interest rates used to calculate the present value of these reserves ranged from 1.5% to 7.7%.
- Reserves for payout contracts with life contingencies are equal to the present value of expected future payments. Assumptions as to interest rates, mortality and expenses are based on the Company's estimates of anticipated experience at the period the policy is sold or acquired, including a provision for adverse deviation. Such assumptions generally vary by annuity plan type, year of issue and policy duration. Interest rates used to calculate the present value of future benefits ranged from 2.3% to 5.3%.

Although assumptions are "locked-in" upon the issuance of traditional life insurance contracts, certain accident and health insurance contracts and payout contracts with life contingencies, significant changes in experience or assumptions may require the Company to provide for expected future losses on a product by establishing premium deficiency reserves. Premium deficiency reserves are determined based on best estimate assumptions that exist at the time the premium deficiency reserve is established and do not include a provision for adverse deviation.

#### Contract Owner Account Balances

Contract owner account balances relate to universal life-type and investment-type contracts, as follows:

- Account balances for funding agreements with fixed maturities are calculated using the amount deposited with the Company, less withdrawals, plus interest accrued to the ending valuation date. Interest on these contracts is accrued by a predetermined index, plus a spread or a fixed rate, established at the issue date of the contract.
- Account balances for universal life-type contracts, including variable universal life ("VUL") contracts, are equal to cumulative deposits, less charges, withdrawals and account values released upon death, plus credited interest thereon.
- Account balances for fixed annuities and payout contracts without life contingencies are equal to cumulative deposits, less charges and withdrawals, plus credited interest thereon. Credited interest rates vary by product and ranged up to 5.1% for the years 2021, 2020 and 2019. Account balances for group immediate annuities without life contingent payouts are equal to the discounted value of the payment at the implied break-even rate.
- For fixed-indexed annuity ("FIA") contracts, the aggregate initial liability is equal to the deposit received, plus a bonus, if applicable, and is split into a host component and an embedded derivative component. Thereafter, the host liability accumulates at a set interest rate, and the embedded derivative liability is recognized at fair value.

#### Product Guarantees and Additional Reserves

The Company calculates additional reserve liabilities for certain universal life-type products, certain variable annuity guaranteed benefits and variable funding products. The Company periodically evaluates its estimates and adjusts 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, or deviations from, the assumptions used can significantly affect the Company's reserve levels and related results of operations.

*Universal and Variable Life:* Reserves for universal life ("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 the Company 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. Reserves for UL and VUL secondary guarantees and paid-up guarantees are recorded in Future policy benefits on the Consolidated Balance Sheets.

The Company also calculates a benefit ratio for each block of business that meets the requirements for additional reserves and calculates an additional reserve by accumulating amounts equal to the benefit ratio multiplied by the assessments for each

period, reduced by excess benefits during the period. The additional reserve is accumulated at interest rates consistent with the DAC model for the period. The calculated reserve includes provisions for UL contracts that produce expected gains from the insurance benefit function followed by losses from that function in later years. Additional reserves are recorded in Future policy benefits.

URR relates to UL and VUL products and represents policy charges for benefits or services to be provided in future periods (see "Recognition of Insurance Revenue and Related Benefits" below). The URR balance is recorded in Contract owner account balances on the Consolidated Balance Sheets.

*GMDB and GMIB:* Reserves for annuity guaranteed minimum death benefits ("GMDB") and guaranteed minimum income benefits ("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 experience is based on a range of scenarios. Assumptions used, such as the long-term equity market return, lapse rate and mortality, are consistent with assumptions used in estimating gross revenues for the purpose of amortizing DAC. The assumptions of investment performance and volatility are consistent with the historical experience of the appropriate underlying equity index, such as the Standard & Poor's ("S&P") 500 Index. In addition, the reserve for the GMIB incorporates assumptions for the likelihood and timing of the potential annuitizations that may be elected by the contract owner. In general, the Company assumes that GMIB annuitization rates will be higher for policies with more valuable ("in the money") guarantees, where the notional benefit amount is in excess of the account value. Reserves for GMDB and GMIB are recorded in Future policy benefits. Changes in reserves for GMDB and GMIB are reported in Policyholder benefits in the Consolidated Statements of Operations.

*GMWBL, GMWB, and FIA:* The Company has in force contracts that contain embedded derivatives that are measured at estimated fair value separately from the host contracts. These products include deferred variable annuity contracts containing guaranteed minimum withdrawal benefits with life payouts ("GMWBL") and guaranteed minimum withdrawal benefits without life contingencies ("GMWB") features and FIA contracts. Embedded derivatives associated with GMWB and GMWBL are recorded in Future policy benefits. Embedded derivatives associated with FIA contracts are recorded in Contract owner account balances. Changes in estimated fair value, that are not related to attributed fees or premiums collected or payments made, are reported in Other net gains (losses) in the Consolidated Statements of Operations.

At inception of the contracts containing the GMWBL and GMWB features, the Company projects a fee to be attributed to the embedded derivative portion of the guarantee equal to the present value of projected future guaranteed benefits. After inception, the estimated fair value of the GMWBL and GMWB embedded derivatives 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 requires 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 estimated fair value of the embedded derivative in the FIA contracts is based on the present value of the excess of interest payments to the contract owners over the growth in the minimum guaranteed contract value. The excess interest payments are determined as the excess of projected index driven benefits over the projected guaranteed benefits. The projection horizon is over the anticipated life of the related contracts, which takes into account best estimate actuarial assumptions, such as partial withdrawals, full surrenders, deaths, annuitizations and maturities.

*Stabilizer and MCG:* Guaranteed credited rates give rise to an embedded derivative in the stabilizer ("Stabilizer") products and a stand-alone derivative for managed custody guarantee products ("MCG"). These derivatives are measured at estimated fair value and recorded in Contract owner account balances. Changes in estimated fair value, that are not related to attributed fees collected or payments made, are reported in Other net gains (losses).

The estimated fair value of the Stabilizer embedded derivative and MCG stand-alone derivative is determined based on the present value of projected future claims, minus the present value of future guaranteed premiums. At inception of the contract, the Company projects a guaranteed premium to be equal to the present value of the projected future claims. The income associated with the contracts is projected using actuarial and capital market assumptions, including benefits and related contract

charges, over the anticipated life of the related contracts. The cash flow estimates are projected under multiple capital market scenarios using observable risk-free rates and other best estimate assumptions.

The liabilities for the GMWBL, GMWB, FIA, and Stabilizer embedded derivatives and the MCG stand-alone derivative (collectively, "guaranteed benefit derivatives") include a risk margin to capture uncertainties related to policyholder behavior assumptions. The margin represents additional compensation a market participant would require to assume these risks.

The discount rate used to determine the fair value of the liabilities for the GMWBL, GMWB, FIA, and Stabilizer embedded derivatives and the MCG stand-alone derivative includes an adjustment to reflect the risk that these obligations will not be fulfilled ("nonperformance risk").

#### *Separate Accounts*

Separate account assets and liabilities generally represent funds maintained to meet specific investment objectives of contract owners or participants who bear the investment risk, subject, in limited cases, to minimum guaranteed rates. Investment income and investment gains and losses generally accrue directly to such contract owners. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company.

Separate account assets supporting variable options under variable annuity contracts are invested, as designated by the contract owner or participant under a contract, in shares of mutual funds that are managed by the Company or in other selected mutual funds not managed by the Company.

The Company reports separately, as assets and liabilities, investments held in the separate accounts and liabilities of separate accounts if:

- Such separate accounts are legally recognized;
- Assets supporting the contract liabilities are legally insulated from the Company's general account liabilities;
- Investments are directed by the contract owner or participant; and
- All investment performance, net of contract fees and assessments, is passed through to the contract owner.

The Company reports separate account assets that meet the above criteria at fair value on the Consolidated Balance Sheets based on the fair value of the underlying investments. The underlying investments include mutual funds, short-term investments, cash and fixed maturities. Separate account liabilities equal separate account assets. Investment income and net realized and unrealized capital gains (losses) of the separate accounts, however, are not reflected in the Consolidated Statements of Operations, and the Consolidated Statements of Cash Flows do not reflect investment activity of the separate accounts.

#### *Short-term and Long-term Debt*

Short-term and long-term debt are carried on the Consolidated Balance Sheets at an amount equal to the unpaid principal balance, net of any remaining unamortized discount or premium and any direct and incremental costs attributable to issuance. Discounts, premiums and direct and incremental costs are amortized as a component of Interest expense in the Consolidated Statements of Operations over the life of the debt using the effective interest method of amortization.

#### *Repurchase Agreements*

The Company engages in dollar repurchase agreements with MBS ("dollar rolls") and repurchase agreements with other collateral types to increase its return on investments and improve liquidity. Such arrangements meet the requirements to be accounted for as financing arrangements.

The Company enters into dollar roll transactions by selling existing MBS and concurrently entering into an agreement to repurchase similar securities within a short time frame at a lower price. Under repurchase agreements, the Company borrows cash from a counterparty at an agreed upon interest rate for an agreed upon time frame and pledges collateral in the form of securities. At the end of the agreement, the counterparty returns the collateral to the Company, and the Company, in turn, repays the loan amount along with the additional agreed upon interest.

The Company's policy requires that at all times during the term of the dollar roll and repurchase agreements that cash or other collateral types obtained is sufficient to allow the Company to fund substantially all of the cost of purchasing replacement assets. Cash received is generally invested in Short-term investments, with the offsetting obligation to repay the loan included within Payables under securities loan and repurchase agreements, including collateral held on the Consolidated Balance Sheets. The carrying value of the securities pledged in dollar rolls and repurchase agreement transactions is included in Securities pledged on the Consolidated Balance Sheets.

### *Recognition of Revenue*

#### Insurance Revenue and Related Benefits

Premiums related to traditional life insurance contracts and payout contracts with life contingencies are recognized in Premiums in the Consolidated Statements of Operations when due from the contract owner. When premiums are due over a significantly shorter period than the period over which benefits are provided, any gross premium in excess of the net premium (i.e., the portion of the gross premium required to provide for expected future benefits and expenses) is deferred and recognized into revenue in a constant relationship to insurance in force. Benefits are recorded in Policyholder benefits in the Consolidated Statements of Operations when incurred.

Amounts received as payment for investment-type, universal life-type, fixed annuities, payout contracts without life contingencies and FIA contracts are reported as deposits to contract owner account balances. Revenues from these contracts consist primarily of fees assessed against the contract owner account balance for mortality and policy administration charges and are reported in Fee income. Surrender charges are reported in Other revenue. In addition, the Company earns investment income from the investment of contract deposits in the Company's general account portfolio, which is reported in Net investment income in the Consolidated Statements of Operations. Fees assessed that represent compensation to the Company for services to be provided in future periods and certain other fees are established as a URR liability and amortized into revenue over the expected life of the related contracts in proportion to estimated gross profits in a manner consistent with DAC for these contracts. URR is reported in Contract owner account balances and amortized into Fee income. Benefits and expenses for these products include claims in excess of related account balances, expenses of contract administration and interest credited to contract owner account balances.

#### Performance-based Capital Allocations on Private Equity Funds

Under asset management arrangements for certain of its sponsored private equity funds, the Company, as General Partner, is entitled to receive performance-based capital allocations ("carried interest") when the return on assets under management for such funds exceeds prescribed investment return hurdles or other performance targets. Carried interest is accrued quarterly based on measuring cumulative fund performance against the stated performance hurdle, as if the fund was liquidated at its estimated fair value as of the applicable balance sheet date.

Carried interest is subject to adjustment to the extent that subsequent fund performance causes the fund's cumulative investment return to fall below specified investment return hurdles. In such a circumstance, some or all of the previously accrued carried interest is reversed to the extent that the Company is no longer entitled to the performance-based capital allocation and, if such allocations have been distributed to the Company but are subject to recoupment by the fund, a liability is established for the potential repayment obligation.

#### Financial Services Revenue

Revenue for various financial services is measured based on consideration specified in a contract with a customer and is recognized when the Company has satisfied a performance obligation. For advisory, asset management, and recordkeeping and administration services of \$1,594, \$1,351 and \$1,423 for the years ended December 31, 2021, 2020 and 2019, respectively, the Company recognizes revenue as services are provided, generally over time. For distribution and shareholder servicing revenue of \$390, \$399 and \$438 for the years ended December 31, 2021, 2020 and 2019, respectively, the Company recognizes revenue as related consideration is received and provides distribution services at a point in time and shareholder services over time. Contract terms are typically less than one year, and consideration is variable.

For a description of principal activities by reportable segment from which the Company generates revenue, see the *Segments* Note in these Consolidated Financial Statements for further information.

For the year ended December 31, 2021, such revenue represented approximately 34.2% of total Wealth Solutions revenue and 60.6% of Investment Management revenue, and was immaterial for the Health Solutions and Corporate segments. For the year ended December 31, 2020, such revenue represented approximately 27.6% of total Wealth Solutions revenue and 90.8% of Investment Management revenue, and was immaterial for the Health Solutions and Corporate segments. For the year ended December 31, 2019, such revenue represented approximately 27.4% of total Wealth Solutions revenue, all of Investment Management revenue, 3.6% of Corporate revenue and was immaterial for the Health Solutions segment. For the years ended December 31, 2021, 2020 and 2019, a portion of the revenue recognized in the current period from distribution services is related to performance obligations satisfied in previous periods. Revenue for various financial services is recorded in Fee income or Other revenue in the Consolidated Statements of Operations. Receivables of \$268 and \$343 are included in Other assets on the Consolidated Balance Sheet as of December 31, 2021 and 2020, respectively.

#### *Income Taxes*

The Company's provision for income taxes is based on income and expense reported in the financial statements after adjustments for permanent differences between our financial statements and consolidated federal income tax return. Permanent differences include the dividends received deduction, tax credits and non-controlling interest. As a result of permanent differences, the effective tax rate reflected in the financial statements may be different than the actual rate in the income tax return.

Temporary differences between our financial statements and income tax return create deferred tax assets and liabilities. Deferred tax assets represent the tax benefit of future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards. The Company's deferred tax assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. The Company evaluates and tests the recoverability of its 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. Considerable judgment and the use of estimates are required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers many factors, including the nature and character of the deferred tax assets and liabilities, the amount and character of book income or losses in recent years, projected future taxable income and future reversals of temporary differences, tax planning strategies we would employ to avoid a tax benefit from expiring unused, and the length of time carryforwards can be utilized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not to be sustained under examination by the applicable taxing authority. The Company also considers positions that have been reviewed and agreed to as part of an examination by the applicable taxing authority. For items that meet the more-likely-than-not recognition threshold, the Company measures the tax position as the largest amount of benefit that is more than 50% likely to be realized upon ultimate resolution with the applicable tax authority that has full knowledge of all relevant information.

#### *Reinsurance*

The Company utilizes reinsurance agreements in most aspects of its insurance business to reduce its exposure to large losses. Such reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Company as direct insurer of the risks reinsured.

For each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk. The Company reviews contractual features, particularly those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims. The assumptions used to account for both long and short-duration reinsurance agreements are consistent with those used for the underlying contracts. Ceded Future policy benefits and Contract owner account balances are reported gross on the Consolidated Balance Sheets.

*Long-duration:* For reinsurance of long-duration contracts that transfer significant insurance risk, the difference, if any, between the amounts paid and benefits received related to the underlying contracts is included in the expected net cost of reinsurance, which is recorded in Reinsurance recoverable or Other liabilities, as appropriate, on the Consolidated Balance Sheets.

*Short-duration:* For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts paid are recorded as ceded premiums and ceded unearned premiums and are reflected as a component of Premiums in the Consolidated Statements of Operations and Other assets on the Consolidated Balance Sheets, respectively. Ceded unearned premiums are amortized through premiums over the remaining contract period in proportion to the amount of protection provided.

For retroactive reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts paid in excess of the related insurance liabilities ceded are recognized immediately as a loss. Any gains on such retroactive agreements are deferred in Other liabilities and amortized over the remaining life of the underlying contracts.

Accounting for reinsurance requires use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. The Company periodically reviews actual and anticipated experience compared to the assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance. The Company also evaluates the financial strength of potential reinsurers and continually monitors the financial condition of reinsurers.

Reinsurance recoverable balances are reported net of the allowance for credit losses in the Company's Consolidated Balance Sheets. Management estimates the credit loss allowance balance using a factor-based method of probability of default and loss given default which incorporates relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Included in the factor-based method are the consideration of capital market factors, counterparty financial information and ratings, and reinsurance agreement-specific risk characteristics such as collateral type, collateral size, and covenant strength.

The allowance for credit losses is a valuation account that is deducted from the reinsurance recoverable balance to present the net amount expected to be collected on the reinsurance recoverable. The change in the allowance for credit losses is recorded in Policyholder benefits in the Consolidated Statements of Operations.

Current reinsurance recoverable balances deemed probable of recovery and payable balances under reinsurance agreements are included in Premium receivable and reinsurance recoverable and Other liabilities, respectively. Such assets and liabilities relating to reinsurance agreements with the same reinsurer are recorded net on the Consolidated Balance Sheets if a right of offset exists within the reinsurance agreement. Premiums, Fee income and Policyholder benefits are reported net of reinsurance ceded. Amounts received from reinsurers for policy administration are reported in Other revenue in the Consolidated Statements of Operations.

The Company has entered into coinsurance funds withheld reinsurance arrangements that contain embedded derivatives for which carrying value is estimated based on the change in the fair value of the assets supporting the funds withheld payable under the agreements.

#### *Employee Benefits Plans*

The Company sponsors and/or administers various plans that provide defined benefit pension and other postretirement benefit plans covering eligible employees, sales representatives and other individuals. The plans are generally funded through payments, determined by periodic actuarial calculations, to trustee-administered funds.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in respect of defined benefit pension plans is the present value of the projected pension benefit obligation ("PBO") at the balance sheet date, less the fair value of plan assets, together with adjustments for unrecognized past service costs. This liability is included in Pension and other postretirement provisions on the Consolidated Balance Sheets. The PBO is defined as the actuarially calculated present value of vested and non-vested pension benefits accrued based on future salary levels. The Company recognizes the funded status of the PBO for pension plans and the accumulated postretirement benefit obligation ("APBO") for other postretirement plans on the Consolidated Balance Sheets.

Net periodic benefit cost is determined using management estimates and actuarial assumptions to derive service cost, interest cost and expected return on plan assets for a particular year and is included in Operating expenses in the Consolidated Statements of Operations. The obligations and expenses associated with these plans require use of assumptions, such as discount rate, expected rate of return on plan assets, rate of future compensation increases and healthcare cost trend rates, as well as assumptions regarding participant demographics, such as age of retirements, withdrawal rates and mortality. Management determines these assumptions based on a variety of factors, such as historical performance of the plan and its assets, currently available market and industry data and expected benefit payout streams. Actual results could vary significantly from assumptions based on changes, such as economic and market conditions, demographics of participants in the plans and amendments to benefits provided under the plans. These differences may have a significant effect on the Company's Consolidated Financial Statements and liquidity. Differences between the expected return and the actual return on plan assets and actuarial gains (losses) are immediately recognized in Operating expenses in the Consolidated Statements of Operations.

For postretirement healthcare and other benefits to retirees, the expected costs of these benefits are accrued in Pension and other postretirement provisions over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains (losses) are immediately recognized in Operating expenses in the Consolidated Statements of Operations.

#### *Share-based Compensation*

The Company grants certain employees and directors share-based compensation awards under various plans. Share-based compensation plans are subject to certain vesting conditions. The Company measures the cost of its share-based awards at their grant date fair value, which in the case of restricted stock units ("RSUs") and performance share units ("PSUs"), is based upon the market value of the Company's common stock on the date of grant. The Company grants certain PSU awards, which are subject to attainment of specified total shareholder return ("TSR") targets relative to a specified peer group. The number of TSR-based PSU awards expected to be earned, based on achievement of the market condition, is factored into the grant date Monte Carlo valuation for the award. Fair value of stock options is determined using a Black-Scholes options valuation methodology. Compensation expense is principally related to the granting of performance share units, restricted stock units and stock options and is recognized in Operating expenses in the Consolidated Statements of Operations over the requisite service period. The majority of awards granted are provided in the first quarter of each year. The Company includes estimated forfeitures in the calculation of share-based compensation expense.

The liability related to cash-settled awards is recorded within Other liabilities on the Consolidated Balance Sheets. Unlike equity-settled awards, which have a fixed grant-date fair value, the fair value of unvested cash-settled awards is remeasured at the end of each reporting period until the awards vest.

All excess tax benefits and tax deficiencies related to share-based compensation are reported in Net income (loss).

#### *Earnings per Common Share*

Basic earnings per common share ("EPS") is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed assuming the issuance of nonvested shares, restricted stock units, stock options, performance share units and warrants using the treasury stock method. Basic and diluted earnings per share are calculated using unrounded, actual amounts. Under the treasury stock method, the Company utilizes the average market price to determine the amount of cash that would be available to repurchase shares if the common shares vested. The net incremental share count issued represents the potential dilutive or anti-dilutive securities.

For any period where a loss from continuing operations available to common shareholders is experienced, shares used in the diluted EPS calculation represent basic shares, as using diluted shares would be anti-dilutive to the calculation.

#### *Treasury Stock*

All amounts paid to repurchase common stock are recorded as Treasury stock on the Consolidated Balance Sheets. When Treasury stock is retired and the purchase price is greater than par, an excess of purchase price over par is allocated between additional paid-in capital and retained earnings (deficit). Shares that are retired are determined on a FIFO basis.



### *Consolidation and Noncontrolling Interests*

In the normal course of business, the Company invests in, provides investment management services to, and has transactions with, various CLO entities, private equity funds, real estate funds, funds-of-hedge funds, single strategy hedge funds, insurance entities, securitizations and other investment entities. In certain instances, the Company serves as the investment manager, making day-to-day investment decisions concerning the assets of these entities. These entities are considered to be either VIEs or VOEs, and the consolidation guidance requires an assessment involving judgments and analysis to determine (a) whether an entity in which the Company holds a variable interest is a VIE and (b) whether the Company's involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (e.g., management and performance related fees), would give it a controlling financial interest.

The Company consolidates entities in which it, directly or indirectly, is determined to have a controlling financial interest. Consolidation conclusions are reviewed quarterly to identify whether any reconsideration events have occurred.

- VIEs: The Company consolidates VIEs for which it is the primary beneficiary at the time it becomes involved with a VIE. An entity is a VIE if it has equity investors who, as a group, lack the characteristics of a controlling financial interest or it does not have sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties. The primary beneficiary (a) has the power to direct the activities of the entity that most significantly impact the entity's economic performance and (b) has the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity.
- VOEs: For entities determined not to be VIEs, the Company consolidates entities in which it holds greater than 50% of the voting interest, or, for limited partnerships, when the Company owns a majority of the limited partnership's kick-out rights through voting interests.

Noncontrolling interest represents the interests of shareholders, other than the Company, in consolidated entities. In the Consolidated Statements of Operations, Net income (loss) attributable to noncontrolling interest represents such shareholders' interests in the earnings and losses of those entities, or the attribution of results from consolidated VIEs or VOEs to which the Company is not economically entitled.

### *Contingencies*

A loss contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. Examples of loss contingencies include pending or threatened adverse litigation, threat of expropriation of assets and actual or possible claims and assessments. Amounts related to loss contingencies are accrued and recorded in Other liabilities on the Consolidated Balance Sheets if it is probable that a loss has been incurred and the amount can be reasonably estimated, based on the Company's best estimate of the ultimate outcome.

*Adoption of New Pronouncements*

The following table provides a description of the Company's adoption of new Accounting Standard Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB") and the impact of the adoption on the Company's financial statements:

Standard	Description of Requirements	Effective Date and Method of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2019-12, Simplifying the Accounting for Income Taxes	<p>This standard, issued in December 2019, simplifies the accounting for income taxes by eliminating certain exceptions to the general principles and simplifying several aspects of ASC 740, Income taxes, including requirements related to the following:</p> <ul style="list-style-type: none"> <li>• The intraperiod tax allocation exception to the incremental approach,</li> <li>• The tax basis step-up in goodwill obtained in a transaction that is not a business combination,</li> <li>• Hybrid tax regimes,</li> <li>• Ownership changes in investments - changes from a subsidiary to an equity method investment,</li> <li>• Separate financial statements of entities not subject to tax,</li> <li>• Interim-period accounting for enacted changes in tax law, and</li> <li>• The year-to-date loss limitation in interim-period tax accounting.</li> </ul>	January 1, 2021 on a prospective basis, except for those provisions that required retrospective or modified retrospective method.	Adoption of the ASU did not have an impact on the Company's financial condition, results of operations, or cash flows.
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	<p>This standard, issued in June 2016:</p> <ul style="list-style-type: none"> <li>• Introduces new current expected credit loss ("CECL") model to measure impairment on certain types of financial instruments,</li> <li>• Requires an entity to estimate lifetime expected credit losses, under the new CECL model, based on relevant information about historical events, current conditions, and reasonable and supportable forecasts,</li> <li>• Modifies the impairment model for available-for-sale debt securities, and</li> <li>• Provides a simplified accounting model for purchased financial assets with credit deterioration since their origination.</li> </ul> <p>In addition, the FASB issued various amendments during 2018, 2019, and 2020 to clarify the provisions of ASU 2016-13.</p>	January 1, 2020, using the modified retrospective method for financial assets measured at amortized cost and the prospective method for available-for-sale debt securities.	<p>The Company recorded a \$33 decrease, net of tax, to Unappropriated retained earnings as of a January 1, 2020 for the cumulative effect of adopting ASU 2016-13. The combined transition adjustment for continuing and discontinued operations includes recognition of an allowance for credit losses of \$19 related to mortgage loans and \$28 related to reinsurance recoverables, net of the effect of Deferred policy acquisition costs and Value of business acquired of \$5 and deferred income taxes of \$9.</p> <p>The provisions that required prospective adoption had no effect on the Company's financial condition, results of operations, or cash flows.</p> <p>In addition, disclosures have been updated to reflect accounting policy changes made as a result of the implementation of ASU 2016-13. (See the Significant Accounting Policies section.)</p>

Standard	Description of Requirements	Effective Date and Method of Adoption	Effect on the Financial Statements or Other Significant Matters
ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	<p>This standard, issued in February 2018, permits a reclassification from accumulated other comprehensive income ("AOCI") to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 ("Tax Reform"). Stranded tax effects arise because U.S. GAAP requires that the impact of a change in tax laws or rates on deferred tax liabilities and assets be reported in net income, even if related to items recognized within accumulated other comprehensive income. The amount of the reclassification would be based on the difference between the historical corporate income tax rate and the newly enacted 21% corporate income tax rate, applied to deferred tax liabilities and assets reported within accumulated other comprehensive income.</p>	<p>January 1, 2019, with the change reported in the period of adoption.</p>	<p>The impact to the January 1, 2019 Consolidated Balance Sheet was an increase to AOCI of \$343, with a corresponding decrease to Retained earnings. The ASU did not have a material impact on the Company's results of operations, cash flows, or disclosures.</p>
ASU 2016-02, Leases	<p>This standard, issued in February 2016, requires lessees to recognize a right-of-use asset and a lease liability for all leases with terms of more than 12 months. The lease liability will be measured as the present value of the lease payments, and the asset will be based on the liability. For income statement purposes, expense recognition will depend on the lessee's classification of the lease as either finance, with a front-loaded amortization expense pattern similar to current capital leases, or operating, with a straight-line expense pattern similar to current operating leases. Lessor accounting will be similar to the current model, and lessors will be required to classify leases as operating, direct financing, or sales-type.</p> <p>ASU 2016-02 also replaces the sale-leaseback guidance to align with the new revenue recognition standard, addresses statement of operation and statement of cash flow classification, and requires additional disclosures for all leases. In addition, the FASB issued various amendments during 2018 to clarify and simplify the provisions and implementation guidance of ASU 2016-02.</p>	<p>January 1, 2019, using the modified retrospective method.</p>	<p>Adoption of the ASU resulted in the establishment of a \$146 lease liability for operating leases and a corresponding right-of-use asset, which are included in Other liabilities and Other assets, respectively. The Company elected the practical expedients at transition. The ASU did not impact the Company's Shareholders' equity or results of operations, and did not materially impact cash flows or disclosures.</p>

**Future Adoption of Accounting Pronouncements**

The following table provides a description of future adoptions of new accounting standards that may have an impact on the Company's financial statements when adopted:

Standard	Description of Requirements	Effective Date and Transition Provisions	Effect on the Financial Statements or Other Significant Matters
ASU 2020-04, Reference Rate Reform	This standard, issued in March 2020, provides temporary optional expedients and exceptions for applying U.S. GAAP principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In January, 2021, the FASB issued ASU 2021-01 which clarified the scope of relief related to ASU 2020-04.	The amendments are effective as of March 12, 2020, the issuance date of the ASU. An entity may elect to apply the amendments prospectively through December 31, 2022.	The Company expects that it may elect to apply some of the expedients and exceptions provided in ASU 2020-04; however, the Company is still evaluating its options under this guidance as the reference rate reform adoption process continues. To date, adoption of the ASU has not had an impact on the Company's financial condition and results of operations. The Company will continue to evaluate the impacts of reference rate reform on contract modifications and hedging relationships as transition progresses.
ASU 2018-12, Targeted Improvements to the Accounting for Long-Duration Contracts	This standard, issued in August 2018, changes the measurement and disclosures of insurance liabilities and DAC for long-duration contracts issued by insurers.	In November, 2020, the FASB released ASU 2020-11, which deferred the effective date of the amendments in ASU 2018-12 for SEC filers to fiscal years ending after December 15, 2022, including interim periods within those fiscal years. Initial adoption for the liability for future policy benefits and DAC is required to be reported using either a full retrospective or modified retrospective approach. For market risk benefits, full retrospective application is required.	Evaluation of the implications of these requirements and related potential financial statement impacts is continuing. The Company does not plan to early adopt the ASU and expects to apply a modified retrospective transition method for the liability for future policy benefits and DAC. While it is not possible to estimate the expected impact of adoption at this time, the Company believes there is a reasonable possibility that implementation of ASU 2018-12 may result in a significant impact on Shareholders' equity and future earnings patterns.

## **2. Discontinued Operations**

As noted in the *Business, Basis of Presentation and Significant Accounting Policies* Note, on January 4, 2021, the Company sold several of its subsidiaries and the related Individual Life and fixed and variable annuities businesses within these subsidiaries to Resolution Life US pursuant to the Resolution MTA entered into on December 18, 2019.

### **The Individual Life Transaction**

#### ***Sale of legal entities***

Pursuant to the Company executing the Resolution MTA and closing of the Individual Life Transaction on January 4, 2021, the Company sold five of its legal subsidiaries, SLD, SLDI, Roaring River II ("RRII"), Midwestern United Life Insurance Company ("MUL") and Voya American Equities, Inc. ("VAE") to Resolution Life US. Resolution Life US is an insurance holding company newly formed by Resolution Life Group Holdings, L.P., a Bermuda-based limited partnership ("RLGH").

The purchase price received by the Company at the closing was based on estimated amounts and was subject to a post-close true-up mechanism pursuant to which the purchase price was adjusted based on SLD's adjusted book value as of the closing date. In addition to cash consideration, proceeds included approximately \$225 interest in RLGH and certain other affiliates of Resolution Life US, and \$123 principal amount in surplus notes issued by SLD. In connection with the closing, the Company agreed to defer receipt of \$100 in cash proceeds for a period of up to 42 months, subject to an adjustment mechanism based on certain financial contingencies affecting SLD over that period. In addition, in connection with the unwind of certain guarantee obligations affecting portions of SLD's business, in lieu of \$60 of cash proceeds, the Company received approximately \$60 in additional preferred equity interests in Resolution Life US affiliates. During 2021, the Company and Resolution Life US completed the post-close true-up process which resulted in no material changes to loss on sale recorded upon close. Additionally, the Company received \$100 of cash proceeds from Resolution Life US which was deferred at the time of closing as mentioned above.

The Company determined that the entities disposed of met the criteria to be classified as held for sale and that the sale represents a strategic shift that will have a major effect on the Company's operations. Accordingly, the results of operations of the entities sold have been presented as discontinued operations in the accompanying Consolidated Statements of Operations and Consolidated Statements of Cash Flows, and the assets and liabilities of the businesses have been classified for 2020 as held for sale and segregated for all periods presented in the Consolidated Balance Sheets. A business classified as held for sale is recorded at the lower of its carrying value or estimated fair value less cost to sell. If the carrying value exceeds its estimated fair value less cost to sell, a loss is recognized.

The results of discontinued operations are reported in "Income (loss) from discontinued operations, net of tax" in the accompanying Consolidated Statements of Operations for all periods presented. As of December 31, 2020, the Company recorded an estimated loss on sale, net of tax of \$1,466 to write down the carrying value of the businesses held for sale to estimated fair value, which was based on the estimated sales price of the Individual Life Transaction as of December 31, 2020, less cost to sell and other adjustments in accordance with the Resolution MTA. In addition, Income (loss) from discontinued operations, net of tax, for the year ended December 31, 2021 includes a reduction to loss on sale, net of tax of \$12. The final loss on sale, net of tax as of December 31, 2021 of \$1,454 represents the excess of the carrying value of the businesses sold over the purchase price, which equals fair value, less cost to sell.

Furthermore, in connection with the close of the Individual Life Transaction, the Company reversed \$913 of Additional other comprehensive income, net of tax that was previously recorded and related to the entities sold. As a result of the transaction, the Company incurred loss recognition of \$523, which is inclusive of \$302 of DAC/VOBA write down and \$221 of premium deficiency reserve. The DAC/VOBA write down and the premium deficiency reserve were recorded in Net amortization of DAC/VOBA and Policyholder benefits, respectively in the Consolidated Financial Statements for the year ended December 31, 2021.

As a result of the annual review of assumptions completed in the third quarter of 2021, the Company recorded loss recognition of \$136 of DAC/VOBA and established premium deficiency reserves of \$225, both of which were related to divested businesses. Loss recognition related to DAC/VOBA and premium deficiency reserves were recorded in Net amortization of

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DAC/VOBA and Interest credited to contract owner account balances, respectively in the Consolidated Statements of Operations for the year ended December 31, 2021.

The following table summarizes the major categories of assets and liabilities classified as held for sale related to the Individual Life Transaction in the accompanying Consolidated Balance Sheets as of December 31, 2020:

	<u>As of</u> <u>December 31,</u> <u>2020</u>
<b>Assets:</b>	
Investments:	
Fixed maturities, available-for-sale, at fair value .....	\$ 13,317
Fixed maturities, at fair value using the fair value option .....	682
Mortgage loans on real estate, net of valuation allowance .....	1,242
Policy loans .....	999
Derivatives .....	443
Other investments <sup>(1)</sup> .....	368
Securities pledged .....	4
Total investments .....	<u>17,055</u>
Cash and cash equivalents .....	420
Short-term investments under securities loan agreements, including collateral delivered .....	2
Premium receivable and reinsurance recoverable .....	2,783
Deferred policy acquisition costs and Value of business acquired .....	289
Current income taxes .....	—
Deferred income taxes .....	(831)
Other assets <sup>(2)</sup> .....	826
Assets held in separate accounts .....	1,625
Write-down of businesses held for sale to fair value less cost to sell .....	(1,466)
Total assets held for sale .....	<u>\$ 20,703</u>
<b>Liabilities:</b>	
Future policy benefits and contract owner account balances .....	\$ 15,675
Payables under securities loan and repurchase agreements, including collateral held .....	300
Derivatives .....	117
Notes payable .....	219
Other liabilities .....	679
Liabilities related to separate accounts .....	1,625
Total liabilities held for sale .....	<u>\$ 18,615</u>

<sup>(1)</sup> Includes Other investments, Equity securities, Limited Partnerships/corporations and Short-term investments.

<sup>(2)</sup> Includes Other assets and Accrued investment income.

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The following table summarizes the components of Income (loss) from discontinued operations, net of tax related to the Individual Life Transaction for the years ended December 31, 2021, 2020 and 2019:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>			
Net investment income	\$ —	\$ 669	\$ 665
Fee income	—	778	750
Premiums	—	26	27
Total net gains (losses)	—	27	45
Other revenue	—	(16)	(21)
Total revenues	<u>—</u>	<u>1,484</u>	<u>1,466</u>
<b>Benefits and expenses:</b>			
Interest credited and other benefits to contract owners/policyholders	—	1,225	1,055
Operating expenses	—	147	83
Net amortization of Deferred policy acquisition costs and Value of business acquired	—	238	153
Interest expense	—	6	10
Total benefits and expenses	<u>—</u>	<u>1,616</u>	<u>1,301</u>
Income (loss) from discontinued operations before income taxes	—	(132)	165
Income tax expense (benefit)	—	(29)	34
Loss on sale, net of tax	12	(316)	(1,150)
Income (loss) from discontinued operations, net of tax <sup>(1)</sup>	<u>\$ 12</u>	<u>\$ (419)</u>	<u>\$ (1,019)</u>

<sup>(1)</sup> Income (loss) from discontinued operations, net of tax excludes for 2019 a loss of \$82 related to the purchase price true-up settlement in connection with the sale of two of the Company's subsidiaries in 2018 and the disposition of the Closed Block Variable Annuity and Annuities businesses.

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**3. Investments (excluding Consolidated Investment Entities)**

*Fixed Maturities*

Available-for-sale and fair value option ("FVO") fixed maturities were as follows as of December 31, 2021:

	<b>Amortized Cost</b>	<b>Gross Unrealized Capital Gains</b>	<b>Gross Unrealized Capital Losses</b>	<b>Embedded Derivatives<sup>(2)</sup></b>	<b>Fair Value</b>	<b>Allowance for credit losses</b>
Fixed maturities:						
U.S. Treasuries .....	\$ 764	\$ 239	\$ —	\$ —	\$ 1,003	\$ —
U.S. Government agencies and authorities .....	69	12	—	—	81	—
State, municipalities and political subdivisions .....	1,000	112	1	—	1,111	—
U.S. corporate public securities .....	10,402	1,580	41	—	11,941	—
U.S. corporate private securities .....	4,889	459	23	—	5,325	—
Foreign corporate public securities and foreign governments <sup>(1)</sup> .....	3,373	368	18	—	3,723	—
Foreign corporate private securities <sup>(1)</sup> ..	3,320	238	1	—	3,501	56
Residential mortgage-backed securities .....	4,183	139	31	12	4,302	1
Commercial mortgage-backed securities .....	4,032	173	22	—	4,183	—
Other asset-backed securities .....	2,069	25	12	—	2,081	1
Total fixed maturities, including securities pledged .....	34,101	3,345	149	12	37,251	58
Less: Securities pledged .....	1,091	107	—	—	1,198	—
Total fixed maturities .....	<u>\$ 33,010</u>	<u>\$ 3,238</u>	<u>\$ 149</u>	<u>\$ 12</u>	<u>\$ 36,053</u>	<u>\$ 58</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

<sup>(2)</sup> 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 gains (losses) in the Consolidated Statements of Operations.



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Available-for-sale and FVO fixed maturities were as follows as of December 31, 2020:

	<b>Amortized Cost</b>	<b>Gross Unrealized Capital Gains</b>	<b>Gross Unrealized Capital Losses</b>	<b>Embedded Derivatives<sup>(2)</sup></b>	<b>Fair Value</b>	<b>Allowance for credit losses</b>
Fixed maturities:						
U.S. Treasuries	\$ 1,033	\$ 438	\$ —	\$ —	\$ 1,471	\$ —
U.S. Government agencies and authorities	74	28	—	—	102	—
State, municipalities and political subdivisions	1,166	180	—	—	1,346	—
U.S. corporate public securities	13,366	3,028	7	—	16,387	—
U.S. corporate private securities	5,653	828	35	—	6,446	—
Foreign corporate public securities and foreign governments <sup>(1)</sup>	4,023	714	1	—	4,736	—
Foreign corporate private securities <sup>(1)</sup>	4,220	470	29	—	4,646	15
Residential mortgage-backed securities	5,370	255	17	20	5,626	2
Commercial mortgage-backed securities	3,882	290	40	—	4,131	1
Other asset-backed securities	2,110	46	10	—	2,138	8
Total fixed maturities, including securities pledged	40,897	6,277	139	20	47,029	26
Less: Securities pledged	355	95	1	—	449	—
Total fixed maturities	<u>\$ 40,542</u>	<u>\$ 6,182</u>	<u>\$ 138</u>	<u>\$ 20</u>	<u>\$ 46,580</u>	<u>\$ 26</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

<sup>(2)</sup> 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 gains (losses) in the Consolidated Statements of Operations.

The amortized cost and fair value of fixed maturities, including securities pledged, as of December 31, 2021, are shown below by contractual maturity. Actual maturities may differ from contractual maturities as securities may be restructured, called or prepaid. Mortgage-backed securities ("MBS") and Other asset-backed securities ("ABS") are shown separately because they are not due at a single maturity date.

	<b>Amortized Cost</b>	<b>Fair Value</b>
Due to mature:		
One year or less	\$ 588	\$ 595
After one year through five years	4,576	4,790
After five years through ten years	5,444	5,957
After ten years	13,209	15,343
Mortgage-backed securities	8,215	8,485
Other asset-backed securities	2,069	2,081
Fixed maturities, including securities pledged	<u>\$ 34,101</u>	<u>\$ 37,251</u>

As of December 31, 2021 and 2020, the Company did not have any investments in a single issuer, other than obligations of the U.S. Government and government agencies, with a carrying value in excess of 10% of the Company's Total shareholders' equity.

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The following tables present the composition of the U.S. and foreign corporate securities within the fixed maturity portfolio by industry category as of the dates indicated:

	<b>Amortized Cost</b>	<b>Gross Unrealized Capital Gains</b>	<b>Gross Unrealized Capital Losses</b>	<b>Fair Value</b>
<b><u>December 31, 2021</u></b>				
Communications .....	\$ 1,261	\$ 238	\$ 3	\$ 1,496
Financial .....	3,752	394	13	4,133
Industrial and other companies .....	9,600	1,058	32	10,626
Energy .....	1,907	314	18	2,203
Utilities .....	3,782	499	11	4,270
Transportation .....	1,130	93	1	1,222
<b>Total .....</b>	<b>\$ 21,432</b>	<b>\$ 2,596</b>	<b>\$ 78</b>	<b>\$ 23,950</b>
<b><u>December 31, 2020</u></b>				
Communications .....	\$ 1,629	\$ 425	\$ 1	\$ 2,053
Financial .....	4,419	811	3	5,227
Industrial and other companies .....	11,670	2,088	15	13,743
Energy .....	2,594	474	28	3,040
Utilities .....	4,963	944	1	5,906
Transportation .....	1,331	196	23	1,504
<b>Total .....</b>	<b>\$ 26,606</b>	<b>\$ 4,938</b>	<b>\$ 71</b>	<b>\$ 31,473</b>

The Company invests in various categories of collateralized mortgage obligations (CMOs), including CMOs that are not agency-backed, that are subject to different degrees of risk from changes in interest rates and defaults. The principal risks inherent in holding CMOs are prepayment and extension risks related to significant decreases and increases in interest rates resulting in the prepayment of principal from the underlying mortgages, either earlier or later than originally anticipated. As of December 31, 2021 and 2020, approximately 40.6% and 44.5%, respectively, of the Company's CMO holdings, were invested in the above mentioned types of CMOs such as interest-only or principal-only strips, that are subject to more prepayment and extension risk than traditional CMOs.

Public corporate fixed maturity securities are distinguished from private corporate fixed maturity securities based upon the manner in which they are transacted. Public corporate fixed maturity securities are issued initially through market intermediaries on a registered basis or pursuant to Rule 144A under the Securities Act of 1933 (the "Securities Act") and are traded on the secondary market through brokers acting as principal. Private corporate fixed maturity securities are originally issued by borrowers directly to investors pursuant to Section 4(a)(2) of the Securities Act, and are traded in the secondary market directly with counterparties, either without the participation of a broker or in agency transactions.

*Repurchase Agreements*

As of December 31, 2021 and 2020, the Company did not have any securities pledged in dollar rolls or reverse repurchase agreements. As of December 31, 2021, the carrying value of securities pledged and obligation to repay loans related to repurchase agreement transactions was \$105, and included in Securities pledged and Payables under securities loan and repurchase agreements, including collateral held, respectively, on the Consolidated Balance Sheets. As of December 31, 2020, the carrying value of securities pledged and obligation to repay loans related to repurchase agreement transactions were \$82. Securities pledged related to repurchase agreements are comprised of other asset-backed securities.

*Securities Pledged*

The Company engages in securities lending whereby the initial collateral is required at a rate of 103% of the market value of the loaned securities. The lending agent retains the collateral and invests it in high quality liquid assets on behalf of the Company. 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. The lending agent indemnifies the Company against losses resulting from the failure of a counterparty to return securities pledged where collateral is insufficient to cover the loss. As of December 31, 2021 and 2020, the fair value of loaned securities was \$969 and \$197, respectively, and is included in Securities pledged on the Consolidated Balance Sheets.

If cash is received as collateral, the lending agent retains the cash collateral and invests it in short-term liquid assets on behalf of the Company. As of December 31, 2021 and 2020, cash collateral retained by the lending agent and invested in short-term liquid assets on the Company's behalf was \$884 and \$106, respectively, and is recorded in Short-term investments under securities loan agreements, including collateral delivered on the Consolidated Balance Sheets. As of December 31, 2021 and 2020, liabilities to return collateral of \$884 and \$106, respectively, are included in Payables under securities loan and repurchase agreements, including collateral held on the Consolidated Balance Sheets.

The Company accepts non-cash collateral in the form of securities. The securities retained as collateral by the lending agent may not be sold or re-pledged, except in the event of default, and are not reflected on the Company's Consolidated Balance Sheets. This collateral generally consists of U.S. Treasury, U.S. Government agency securities and MBS pools. As of December 31, 2021 and 2020, the fair value of securities retained as collateral by the lending agent on the Company's behalf was \$117 and \$96, respectively.

The following table presents borrowings under securities lending transactions by asset class pledged for the dates indicated:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
U.S. Treasuries .....	\$ 42	\$ 90
U.S. Government agencies and authorities .....	3	3
U.S. corporate public securities .....	599	76
Equity securities .....	—	—
Foreign corporate public securities and foreign governments .....	357	33
Payables under securities loan agreements .....	<u>\$ 1,001</u>	<u>\$ 202</u>

The Company's securities lending activities are conducted on an overnight basis, and all securities loaned can be recalled at any time. The Company does not offset assets and liabilities associated with its securities lending program. The program size was temporarily reduced during 2020 as part of COVID risk reduction measures. However, with financial market conditions now recovered and orderly, our securities lending program is returning to prior levels and remains within our internal risk limits.

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*Allowance for credit losses*

The following table presents a rollforward of the allowance for credit losses on available-for-sale fixed maturity securities for the period presented:

	<b>Year Ended December 31, 2021</b>				
	<b>Residential mortgage-backed securities</b>	<b>Commercial mortgage-backed securities</b>	<b>Foreign corporate private securities</b>	<b>Other asset-backed securities</b>	<b>Total</b>
Balance as of January 1	\$ 2	\$ 1	\$ 15	\$ 8	\$ 26
Credit losses on securities for which credit losses were not previously recorded	1	—	40	—	41
Initial allowance for credit losses recognized on financial assets accounted for as PCD	—	—	—	—	—
Reductions for securities sold during the period	—	(1)	—	—	(1)
Reductions for intent to sell or more likely than not will be required to sell securities prior to recovery of amortized cost	—	—	—	—	—
Change in allowance due to transfer of loans from Voya Reinsurance portfolios to Resolution	—	—	—	—	—
Increase (decrease) on securities with allowance recorded in previous period	(2)	—	1	(7)	(8)
Write-offs	—	—	—	—	—
Recoveries of amounts previously written-off	—	—	—	—	—
Balance as of December 31	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 56</u>	<u>\$ 1</u>	<u>\$ 58</u>
	<b>Year Ended December 31, 2020</b>				
	<b>Residential mortgage-backed securities</b>	<b>Commercial mortgage-backed securities</b>	<b>Foreign corporate private securities</b>	<b>Other asset-backed securities</b>	<b>Total</b>
Balance as of January 1	\$ —	\$ —	\$ —	\$ —	\$ —
Credit losses on securities for which credit losses were not previously recorded	2	1	15	8	26
Initial allowance for credit losses recognized on financial assets accounted for as PCD	—	—	—	—	—
Reductions for securities sold during the period	—	—	—	—	—
Reductions for intent to sell or more likely than not will be required to sell securities prior to recovery of amortized cost	—	—	—	—	—
Increase (decrease) on securities with allowance recorded in previous period	—	—	—	—	—
Write-offs	—	—	—	—	—
Recoveries of amounts previously written-off	—	—	—	—	—
Balance as of December 31	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 15</u>	<u>\$ 8</u>	<u>\$ 26</u>

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*Unrealized Capital Losses*

The following table presents available-for-sale fixed maturities, including securities pledged, for which an allowance for credit losses has not been recorded by market sector and duration as of the date December 31, 2021:

	Twelve Months or Less Below Amortized Cost			More Than Twelve Months Below Amortized Cost			Total		
	Fair Value	Unrealized Capital Losses	Number of securities	Fair Value	Unrealized Capital Losses	Number of securities	Fair Value	Unrealized Capital Losses	Number of securities
U.S. Treasuries . . .	\$ 16	\$ —	8	\$ 12	\$ —	2	\$ 28	\$ —	10
State, municipalities and political subdivisions . . . . .	58	1	22	—	—	—	58	1	22
U.S. corporate public securities . . .	1,425	35	292	115	6	119	1,540	41	411
U.S. corporate private securities . .	447	5	34	122	18	9	569	23	43
Foreign corporate public securities and foreign governments . . . . .	534	16	97	28	2	14	562	18	111
Foreign corporate private securities . .	70	1	7	11	—	1	81	1	8
Residential mortgage-backed . .	704	18	244	294	13	116	998	31	360
Commercial mortgage-backed . .	1,137	12	191	228	10	32	1,365	22	223
Other asset- backed . . . . .	922	8	221	98	4	56	1,020	12	277
<b>Total . . . . .</b>	<b>\$ 5,313</b>	<b>\$ 96</b>	<b>1,116</b>	<b>\$ 908</b>	<b>\$ 53</b>	<b>349</b>	<b>\$ 6,221</b>	<b>\$ 149</b>	<b>1,465</b>

The Company concluded that an allowance for credit losses was unnecessary for these securities because the unrealized losses are interest rate related.

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The following table presents available-for-sale fixed maturities, including securities pledged, for which an allowance for credit losses has not been recorded by market sector and duration as of December 31, 2020:

	Twelve Months or Less Below Amortized Cost			More Than Twelve Months Below Amortized Cost			Total		
	Fair Value	Unrealized Capital Losses	Number of Securities	Fair Value	Unrealized Capital Losses	Number of Securities	Fair Value	Unrealized Capital Losses	Number of Securities
U.S. Treasuries . . . .	\$ 12	\$ —	2	\$ —	\$ —	—	\$ 12	\$ —	2
State, municipalities and political subdivisions . . . . .	7	—	2	—	—	—	7	—	2
U.S. corporate public securities . . . .	241	5	163	23	2	4	264	7	167
U.S. corporate private securities . . . .	419	12	30	112	23	8	531	35	38
Foreign corporate public securities and foreign governments . . . . .	45	—	19	9	1	2	54	1	21
Foreign corporate private securities . . . .	238	29	19	6	—	1	244	29	20
Residential mortgage-backed . . . .	658	12	150	147	5	75	805	17	225
Commercial mortgage-backed . . . .	844	39	127	36	1	7	880	40	134
Other asset-backed	261	2	61	376	8	110	637	10	171
<b>Total . . . . .</b>	<b>\$2,725</b>	<b>\$ 99</b>	<b>573</b>	<b>\$ 709</b>	<b>\$ 40</b>	<b>207</b>	<b>\$3,434</b>	<b>\$ 139</b>	<b>780</b>

Based on the Company's quarterly evaluation of its securities in an unrealized loss position, described below, the Company concluded that these securities were not impaired as of December 31, 2021. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases.

Gross unrealized capital losses on fixed maturities, including securities pledged, increased \$10 from \$139 to \$149 for the year ended December 31, 2021. The modest increase in unrealized losses was driven by moderately higher interest rates in the front end of the yield curve.

As of December 31, 2021, \$5 of the total \$149 of gross unrealized losses were from 5 available-for-sale fixed maturity securities with an unrealized loss position of 20% or more of amortized cost for 12 months or greater.

*Evaluating Securities for Impairments*

The Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities, in accordance with its impairment policy in order to evaluate whether such investments are impaired.

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The following table identifies the Company's intent impairments included in the Consolidated Statements of Operations, excluding impairments included in Other comprehensive income (loss) by type for the periods indicated:

	Year Ended December 31,					
	2021		2020		2019	
	Impairment	No. of Securities	Impairment	No. of Securities	Impairment	No. of Securities
State, municipalities and political subdivisions	\$ —	—	\$ — *	13	\$ — *	8
U.S. corporate public securities	—	—	32	83	18	38
U.S. corporate private securities	—	—	1	9	1	18
Foreign corporate public securities and foreign governments <sup>(1)</sup>	—	—	4	40	5	22
Foreign corporate private securities <sup>(1)</sup>	—	—	8	17	26	12
Residential mortgage-backed	2	17	7	60	5	89
Commercial mortgage-backed	— *	1	28	129	1	34
Other asset-backed	—	—	1	75	4	94
<b>Total</b>	<b>\$ 2</b>	<b>18</b>	<b>\$ 81</b>	<b>426</b>	<b>\$ 60</b>	<b>315</b>

<sup>(1)</sup> Primarily U.S. dollar denominated.

\* Less than \$1

The Company may sell securities during the period in which fair value has declined below amortized cost for fixed maturities. In certain situations, new factors, including changes in the business environment, can change the Company's previous intent to continue holding a security. Accordingly, these factors may lead the Company to record additional intent related capital losses.

#### *Troubled Debt Restructuring*

The Company invests in high quality, well performing portfolios of commercial mortgage loans and private placements. Under certain circumstances, modifications are granted to these contracts. Each modification is evaluated as to whether a troubled debt restructuring has occurred. A modification is a troubled debt restructuring when the borrower is in financial difficulty and the creditor makes concessions. Generally, the types of concessions may include reducing the face amount or maturity amount of the debt as originally stated, reducing the contractual interest rate, extending the maturity date at an interest rate lower than current market interest rates and/or reducing accrued interest. The Company considers the amount, timing and extent of the concession granted in determining any impairment or changes in the specific valuation allowance recorded in connection with the troubled debt restructuring. A valuation allowance may have been recorded prior to the quarter when the loan is modified in a troubled debt restructuring. Accordingly, the carrying value (net of the valuation allowance) before and after modification through a troubled debt restructuring may not change significantly, or may increase if the expected recovery is higher than the pre-modification recovery assessment. For the year ended December 31, 2021, the Company had one new commercial mortgage loan troubled debt restructuring with a pre and post modification carrying value of \$5. For the year ended December 31, 2021, the Company did not have any private placement troubled debt restructurings. For the year ended December 31, 2020, the Company had eight commercial mortgage loan troubled debt restructurings with a pre and post modification carrying value of \$63. For the year ended December 31, 2020, the Company did not have any private placement troubled debt restructurings.

As of December 31, 2021 and 2020, the Company did not have any private placements modified in a troubled debt restructuring with a subsequent payment default. As of December 31, 2021 and 2020, the Company did not have any commercial mortgage loans modified in a troubled debt restructuring with a subsequent payment default.

#### *Mortgage Loans on Real Estate*

The Company diversifies its commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. The Company manages risk when originating commercial mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate. Subsequently, the Company continuously evaluates mortgage

loans based on relevant current information including a review of loan-specific performance, property characteristics and market trends. Loan performance is monitored on a loan specific basis through the review of submitted appraisals, operating statements, rent revenues and annual inspection reports, among other items. This review ensures properties are performing at a consistent and acceptable level to secure the debt. The components to evaluate debt service coverage are received and reviewed at least annually to determine the level of risk.

Loan-to-value ("LTV") and debt service coverage ("DSC") ratios are measures commonly used to assess the risk and quality of mortgage loans. The LTV ratio, calculated at time of origination, is expressed as a percentage of the amount of the loan relative to the value of the underlying property. A LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the underlying collateral. The DSC ratio, based upon the most recently received financial statements, is expressed as a percentage of the amount of a property's net income to its debt service payments. A DSC ratio of less than 1.0 indicates that a property's operations do not generate sufficient income to cover debt payments. These ratios are utilized as part of the review process described above.

The following tables present commercial mortgage loans by year of origination and LTV ratio as of the dates indicated. The information is updated as of December 31, 2021 and 2020, respectively.

As of December 31, 2021						
Year of Origination	Loan-to-Value Ratios					Total
	0% - 50%	>50% - 60%	>60% - 70%	>70% - 80%	>80% and above	
2021	\$ 269	\$ 315	\$ 201	\$ —	\$ —	\$ 785
2020	140	240	77	—	—	457
2019	201	192	69	—	—	462
2018	169	50	2	—	—	221
2017	656	214	4	—	—	874
2016	424	247	2	—	—	673
2015 and prior	1,796	337	22	—	—	2,155
Total	\$ 3,655	\$ 1,595	\$ 377	\$ —	\$ —	\$ 5,627

As of December 31, 2020						
Year of Origination	Loan-to-Value Ratios					Total
	0% - 50%	>50% - 60%	>60% - 70%	>70% - 80%	>80% and above	
2020	\$ 202	\$ 251	\$ 39	\$ —	\$ —	\$ 492
2019	327	230	125	—	—	682
2018	211	158	73	—	—	442
2017	645	427	5	—	—	1,077
2016	627	313	2	—	—	942
2015 and prior	2,525	648	22	—	—	3,195
Total	\$ 4,537	\$ 2,027	\$ 266	\$ —	\$ —	\$ 6,830



The following tables present commercial mortgage loans by year of origination and DSC ratio as of the dates indicated. The information is updated as of December 31, 2021 and 2020, respectively.

<b>As of December 31, 2021</b>						
<b>Debt Service Coverage Ratios</b>						
<b>Year of Origination</b>	<b>&gt;1.5x</b>	<b>&gt;1.25x - 1.5x</b>	<b>&gt;1.0x - 1.25x</b>	<b>&lt;1.0x</b>	<b>Commercial mortgage loans secured by land or construction loans</b>	<b>Total</b>
2021 .....	652	27	38	68	—	785
2020 .....	396	21	34	6	—	457
2019 .....	278	49	108	27	—	462
2018 .....	131	5	54	31	—	221
2017 .....	414	156	111	193	—	874
2016 .....	582	22	47	22	—	673
2015 and prior	1,655	220	195	85	—	2,155
<b>Total .....</b>	<b>4,108</b>	<b>500</b>	<b>587</b>	<b>432</b>	<b>—</b>	<b>5,627</b>
<b>As of December 31, 2020</b>						
<b>Debt Service Coverage Ratios</b>						
<b>Year of Origination</b>	<b>&gt;1.5x</b>	<b>&gt;1.25x - 1.5x</b>	<b>&gt;1.0x - 1.25x</b>	<b>&lt;1.0x</b>	<b>Commercial mortgage loans secured by land or construction loans</b>	<b>Total</b>
2020 .....	356	116	20	—	—	492
2019 .....	455	108	51	68	—	682
2018 .....	205	90	92	55	—	442
2017 .....	630	243	133	71	—	1,077
2016 .....	841	58	40	3	—	942
2015 and prior	2,714	283	121	77	—	3,195
<b>Total .....</b>	<b>5,201</b>	<b>898</b>	<b>457</b>	<b>274</b>	<b>—</b>	<b>6,830</b>

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The following tables present the commercial mortgage loans by year of origination and U.S. region as of the dates indicated. The information is updated as of December 31, 2021 and 2020, respectively.

**As of December 31, 2021**

Year of Origination	U.S. Region									Total
	Pacific	South Atlantic	Middle Atlantic	West South Central	Mountain	East North Central	New England	West North Central	East South Central	
2021	\$ 98	\$ 79	\$ 143	\$ 137	\$ 110	\$ 140	\$ 9	\$ 47	\$ 22	\$ 785
2020	84	187	31	35	39	39	3	14	25	457
2019	59	145	14	130	47	17	15	13	22	462
2018	54	68	59	10	14	10	—	6	—	221
2017	128	94	360	139	56	56	5	36	—	874
2016	146	139	167	41	58	88	10	18	6	673
2015 and prior	572	478	423	118	198	151	61	124	30	2,155
Total	\$ 1,141	\$ 1,190	\$ 1,197	\$ 610	\$ 522	\$ 501	\$ 103	\$ 258	\$ 105	\$ 5,627

**As of December 31, 2020**

Year of Origination	U.S. Region									Total
	Pacific	South Atlantic	Middle Atlantic	West South Central	Mountain	East North Central	New England	West North Central	East South Central	
2020	\$ 107	\$ 187	\$ 41	\$ 39	\$ 38	\$ 39	\$ 2	\$ 15	\$ 24	\$ 492
2019	98	194	21	169	69	61	18	13	39	682
2018	105	141	70	37	59	15	—	15	—	442
2017	172	125	417	155	102	62	6	38	—	1,077
2016	274	174	185	46	103	114	13	27	6	942
2015 and prior	890	684	521	237	299	290	70	160	44	3,195
Total	\$ 1,646	\$ 1,505	\$ 1,255	\$ 683	\$ 670	\$ 581	\$ 109	\$ 268	\$ 113	\$ 6,830

The following tables present the commercial mortgage loans by year of origination and property type as of the dates indicated. The information is updated as of December 31, 2021 and 2020, respectively.

**As of December 31, 2021**

Year of Origination	Property Type							Total
	Retail	Industrial	Apartments	Office	Hotel/Motel	Other	Mixed Use	
2021	\$ 39	\$ 185	\$ 405	\$ 129	\$ —	\$ 18	\$ 9	\$ 785
2020	58	90	140	169	—	—	—	457
2019	46	96	211	82	27	—	—	462
2018	38	88	57	16	4	18	—	221
2017	110	417	195	149	3	—	—	874
2016	127	243	140	154	—	5	4	673
2015 and prior	809	323	436	244	93	200	50	2,155
Total	\$ 1,227	\$ 1,442	\$ 1,584	\$ 943	\$ 127	\$ 241	\$ 63	\$ 5,627

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<b>As of December 31, 2020</b>								
<b>Property Type</b>								
<b>Year of Origination</b>	<b>Retail</b>	<b>Industrial</b>	<b>Apartments</b>	<b>Office</b>	<b>Hotel/Motel</b>	<b>Other</b>	<b>Mixed Use</b>	<b>Total</b>
2020 .....	\$ 59	\$ 94	\$ 165	\$ 174	\$ —	\$ —	\$ —	\$ 492
2019 .....	55	111	384	95	37	—	—	682
2018 .....	77	109	191	25	5	35	—	442
2017 .....	138	505	252	178	4	—	—	1,077
2016 .....	175	301	255	187	10	9	5	942
2015 and prior	1,276	484	570	426	117	268	54	3,195
<b>Total .....</b>	<b>\$ 1,780</b>	<b>\$ 1,604</b>	<b>\$ 1,817</b>	<b>\$ 1,085</b>	<b>\$ 173</b>	<b>\$ 312</b>	<b>\$ 59</b>	<b>\$ 6,830</b>

The following table summarizes the activity in the allowance for losses for commercial mortgage loans for the periods indicated:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Allowance for credit losses, balance at January 1 .....	\$ 89	\$ 16 <sup>(1)</sup>
Credit losses on mortgage loans for which credit losses were not previously recorded .....	1	7
Change in allowance due to transfer of loans from Voya Reinsurance portfolios to Resolution .....	(14)	—
Increase (decrease) on mortgage loans with allowance recorded in previous period .....	(61)	69
Provision for expected credit losses .....	15	92
Write-offs .....	—	(3)
Recoveries of amounts previously written off .....	—	—
Allowance for credit losses, balance at December 31 .....	<b>\$ 15</b>	<b>\$ 89</b>

<sup>(1)</sup> On January 1, 2020, as a result of implementing ASU 2016-13 Measurement of Credit Losses of Financial Instruments, the Company recorded a transition adjustment on a continuing basis for Allowance for credit losses on mortgage loans on real estate of \$15.

The following table presents past due commercial mortgage loans as of the dates indicated:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Delinquency:</b>		
Current .....	\$ 5,627	\$ 6,825
30-59 days past due .....	—	—
60-89 days past due .....	—	—
Greater than 90 days past due .....	—	5
<b>Total .....</b>	<b>\$ 5,627</b>	<b>\$ 6,830</b>

Commercial mortgage loans are placed on non-accrual status when 90 days in arrears if the Company has concerns regarding the collectability of future payments, or if a loan has matured without being paid off or extended. As of December 31, 2021, the Company had no commercial mortgage loans in non-accrual status. As of December 31, 2020, the Company had one commercial mortgage loan in non-accrual status. There was no interest income recognized on loans in non-accrual status for the years ended December 31, 2021 and 2020.

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*Fixed Maturities, Trading*

The Company invests in corporate private debt securities. For the year ended December 31, 2021, there were no gains (losses) and \$1 of interest income. For the year ended December 31, 2020, there were no gains (losses) and no interest income.

*Net Investment Income*

The following table summarizes Net investment income for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Fixed maturities .....	\$ 1,996	\$ 2,401	\$ 2,241
Equity securities .....	20	14	11
Mortgage loans on real estate .....	247	295	334
Policy loans .....	23	45	42
Short-term investments and cash equivalents .....	8	4	12
Limited partnerships and other .....	548	223	222
Gross investment income .....	2,842	2,982	2,862
Less: investment expenses .....	68	73	70
Net investment income .....	<u>\$ 2,774</u>	<u>\$ 2,909</u>	<u>\$ 2,792</u>

As of December 31, 2021, the Company had no investments in fixed maturities that did not produce net investment income. For the year ended December 31, 2020, the Company had \$2 of investments in fixed maturities that did not produce net investment income. Fixed maturities are moved to a non-accrual status when the investment defaults.

Interest income on fixed maturities is recorded when earned using an effective yield method, giving effect to amortization of premiums and accretion of discounts. Such interest income is recorded in Net investment income in the Consolidated Statements of Operations.

*Net Gains (Losses)*

Net gains (losses) comprise the difference between the amortized cost of investments and proceeds from sale and redemption, as well as losses incurred due to the credit-related and intent-related impairment of investments. Net gains (losses) are also primarily generated from changes in fair value of embedded derivatives within products and fixed maturities, changes in fair value of fixed maturities recorded at FVO and changes in fair value including accruals on derivative instruments, except for effective cash flow hedges. Net gains (losses) also include changes in fair value of trading debt securities and changes in fair value of equity securities. The cost of the investments on disposal is generally determined based on first-in-first-out ("FIFO") methodology.

Net gains (losses) were as follows for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Fixed maturities, available-for-sale, including securities pledged	\$ 1,791	\$ (17)	\$ (21)
Fixed maturities, at fair value option	(717)	(235)	40
Equity securities, at fair value	9	10	(16)
Derivatives	19	(7)	(164)
Embedded derivatives - fixed maturities	(8)	1	3
Guaranteed benefit derivatives	45	(34)	(6)
Mortgage loans	182	(75)	—
Other investments	102	(8)	—
Net gains (losses)	<u>\$ 1,423</u>	<u>\$ (365)</u>	<u>\$ (164)</u>

On June 1, 2021, the Company fully disposed of a 9.99% equity interest in VA Capital which was originally acquired as part of a Master Transaction Agreement dated December 20, 2017, related to the sale of substantially all of our Closed Block Variable Annuity (CBVA) and Annuity business. The disposition resulted in a net realized gain of \$95 reported as Other net gains (losses) in the Consolidated Statements of Operations.

Proceeds from the sale of fixed maturities, available-for-sale, and equity securities and the related gross realized gains and losses, before tax, were as follows for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Proceeds on sales	\$ 12,198 <sup>(1)</sup>	\$ 2,456	\$ 4,105
Gross gains	1,769	151	63
Gross losses	9	81	54

<sup>(1)</sup> Increase from prior year is the result of the transfer of assets to support the life reinsurance transaction with Resolution.

#### **4. Derivative Financial Instruments**

The Company primarily enters into the following types of derivatives:

*Interest rate swaps:* Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and/or liabilities. Interest rate swaps are also used to hedge the interest rate risk associated with the value of assets it owns or in an anticipation of acquiring them. Using interest rate swaps, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest payments, calculated by reference to an agreed upon notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made to/from the counterparty at each due date. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

*Foreign exchange swaps:* The Company uses foreign exchange or currency swaps to reduce the risk of change in the value, yield or cash flows associated with certain foreign denominated invested assets. Foreign exchange swaps represent contracts that require the exchange of foreign currency cash flows against U.S. dollar cash flows at regular periods, typically quarterly or semi-annually. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

*Total return swaps:* The Company uses total return swaps as a hedge of interest related risks within various Legacy Annuity and Retirement products. Total return swaps are also used as a hedge of other corporate liabilities. Using total return swaps, the Company agrees with another party to exchange, at specified intervals, the difference between the economic performance of assets or a market index and a fixed or variable funding multiplied by reference to an agreed upon notional amount. No cash is

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exchanged at the onset of the contracts. Cash is paid and received over the life of the contract based upon the terms of the swaps. The Company utilized these contracts in non-qualifying hedging relationships.

*Futures:* Futures contracts are used to hedge against a decrease in certain equity indices. Such decreases may correlate to a decrease in variable annuity account values which would increase the possibility of the Company incurring an expense for guaranteed benefits in excess of account values. The Company also uses interest rate futures contracts to hedge its exposure to market risks due to changes in interest rates. The Company enters into exchange traded futures with regulated futures commissions that are members of the exchange. The Company also posts initial and variation margins, with the exchange, on a daily basis. The Company utilizes exchange-traded futures in non-qualifying hedging relationships. The Company may also use futures contracts as a hedge against an increase in certain equity indices.

*Embedded derivatives:* The Company also invests in certain fixed maturity instruments and has issued certain products that contain embedded derivatives for which market value is at least partially determined by, among other things, levels of or changes in domestic and/or foreign interest rates (short-term or long-term), exchange rates, prepayment rates, equity rates or credit ratings/spreads. In addition, the Company has entered into coinsurance with funds withheld arrangements, which contain embedded derivatives.

The notional amounts and fair values of derivatives were as follows as of the dates indicated:

	December 31, 2021			December 31, 2020		
	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
<b>Derivatives: Qualifying for hedge accounting<sup>(1)</sup></b>						
Fair value hedges:						
Foreign exchange contracts	\$ 94	\$ 2	\$ —	\$ —	\$ —	\$ —
Cash flow hedges:						
Interest rate contracts	22	—	—	22	—	—
Foreign exchange contracts	683	16	16	756	4	43
<b>Derivatives: Non-qualifying for hedge accounting<sup>(1)</sup></b>						
Interest rate contracts	13,382	147	209	19,837	195	328
Foreign exchange contracts	146	1	3	122	—	3
Equity contracts	299	4	2	412	16	12
Credit contracts	135	1	1	223	—	1
<b>Embedded derivatives and Managed custody guarantees:</b>						
Within fixed maturity investments	N/A	12	—	N/A	20	—
Within products	N/A	—	47	N/A	—	95
Within reinsurance agreements	N/A	—	196	N/A	—	163
Managed custody guarantees	N/A	—	1	N/A	—	4
<b>Total</b>		<u>\$ 183</u>	<u>\$ 475</u>		<u>\$ 235</u>	<u>\$ 649</u>

<sup>(1)</sup> Open derivative contracts are reported as Derivatives assets or liabilities on the Consolidated Balance Sheets at fair value.

N/A - Not Applicable

Based on the notional amounts, a substantial portion of the Company's derivative positions was not designated or did not qualify for hedge accounting as part of a hedging relationship as of December 31, 2021 and 2020. The Company utilizes derivative contracts mainly to hedge exposure to variability in cash flows, interest rate risk, credit risk, foreign exchange risk and equity market risk. The majority of derivatives used by the Company are designated as product hedges, which hedge the exposure arising from insurance liabilities or guarantees embedded in the contracts the Company offers through various product lines. These derivatives do not qualify for hedge accounting as they do not meet the criteria of being "highly effective" as

outlined in ASC Topic 815, but do provide an economic hedge, which is in line with the Company's risk management objectives. The Company also uses derivatives contracts to hedge its exposure to various risks associated with the investment portfolio. The Company does not seek hedge accounting treatment for certain of these derivatives as they generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules outlined in ASC Topic 815. The Company also uses credit default swaps coupled with other investments in order to produce the investment characteristics of otherwise permissible investments that do not qualify as effective accounting hedges under ASC Topic 815.

Although the Company has not elected to net its derivative exposures, the notional amounts and fair values of Over-The-Counter ("OTC") and cleared derivatives excluding exchange traded contracts are presented in the tables below as of the dates indicated:

	<b>December 31, 2021</b>		
	<b>Notional Amount</b>	<b>Asset Fair Value</b>	<b>Liability Fair Value</b>
Credit contracts	\$ 135	\$ 1	\$ 1
Equity contracts	239	4	2
Foreign exchange contracts	923	19	19
Interest rate contracts	12,003	147	209
		<u>171</u>	<u>231</u>
Counterparty netting <sup>(1)</sup>		(156)	(156)
Cash collateral netting <sup>(1)</sup>		(12)	(70)
Securities collateral netting <sup>(1)</sup>		(2)	(2)
Net receivables/payables		<u>\$ 1</u>	<u>\$ 3</u>

<sup>(1)</sup> Represents the netting of receivable balances with payable balances, net of collateral, for the same counterparty under eligible netting agreements.

	<b>December 31, 2020</b>		
	<b>Notional Amount</b>	<b>Asset Fair Value</b>	<b>Liability Fair Value</b>
Credit contracts	\$ 223	\$ —	\$ 1
Equity contracts	306	16	12
Foreign exchange contracts	878	4	46
Interest rate contracts	17,331	195	328
		<u>215</u>	<u>387</u>
Counterparty netting <sup>(1)</sup>		(207)	(207)
Cash collateral netting <sup>(1)</sup>		(2)	(140)
Securities collateral netting <sup>(1)</sup>		—	(35)
Net receivables/payables		<u>\$ 6</u>	<u>\$ 5</u>

<sup>(1)</sup> Represents the netting of receivable balances with payable balances, net of collateral, for the same counterparty under eligible netting agreements.

### *Collateral*

Under the terms of the OTC Derivative International Swaps and Derivatives Association, Inc. ("ISDA") agreements, the Company may receive from, or deliver to, counterparties collateral to assure that terms of the ISDA agreements will be met with regard to the Credit Support Annex ("CSA"). The terms of the CSA call for the Company to pay interest on any cash received equal to the Federal Funds rate. To the extent cash collateral is received and delivered, it is included in Payables under securities loan and repurchase agreements, including collateral held and Short-term investments under securities loan agreements, including collateral delivered, respectively, on the Consolidated Balance Sheets and is reinvested in short-term investments. Collateral held is used in accordance with the CSA to satisfy any obligations. Investment grade bonds owned by the Company are the source of noncash collateral posted, which is reported in Securities pledged on the Consolidated Balance Sheets.

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As of December 31, 2021, the Company held \$17 and pledged \$71 of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. As of December 31, 2020, the Company held \$5 and \$140 of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. In addition, as of December 31, 2021, the Company delivered \$124 of securities and held \$2 of securities as collateral. As of December 31, 2020, the Company delivered \$170 of securities and held no securities as collateral.

The location and effect of derivatives qualifying for hedge accounting on the Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income are as follows for the periods indicated:

	Year Ended December 31,					
	2021		2020		2019	
	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Foreign Exchange Contracts
<b>Derivatives: Qualifying for hedge accounting</b>						
Location of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Net investment income	Net investment income and Other net gains/(losses)	Net investment income	Net investment income and Other net gains/(losses)	Net investment income	Net investment income and Other net gains/(losses)
Amount of Gain or (Loss) Recognized in Other Comprehensive Income	\$ (1)	\$ 39	\$ 1	\$ (28)	\$ 1	\$ —
Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income	—	4	—	8	—	11

The location and amount of gain (loss) recognized in the Consolidated Statements of Operations for derivatives qualifying for hedge accounting are as follows for the periods indicated:

	Year Ended December 31,					
	2021		2020		2019	
	Net Investment Income	Other net gains/(losses)	Net Investment Income	Other net gains/(losses)	Net Investment Income	Other net gains/(losses)
<b>Total amounts of line items presented in the statement of operations in which the effects of fair value or cash flow hedges are recorded</b>	\$ 2,774	\$ 1,425	\$ 2,909	\$ (284)	\$ 2,792	\$ (100)
<b>Derivatives: Qualifying for hedge accounting</b>						
Fair value hedges:						
Foreign exchange contracts:						
Hedged items	—	(5)	—	—	—	—
Derivatives designated as hedging instruments <sup>(1)</sup>	—	5	—	—	—	—
Cash flow hedges:						
Foreign exchange contracts:						
Gain (loss) reclassified from accumulated other comprehensive income into income	9	(5)	11	(3)	11	—

<sup>(1)</sup> An immaterial portion of the change in derivative instruments designated and qualifying as fair value hedges was excluded from the assessment of hedge effectiveness and recognized currently in earnings.



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The location and effect of derivatives not designated as hedging instruments on the Consolidated Statements of Operations are as follows for the periods indicated:

	Location of Gain or (Loss) Recognized in Income on Derivative	Year Ended December 31,		
		2021	2020	2019
<b>Derivatives: Non-qualifying for hedge accounting</b>				
Interest rate contracts .....	Other net gains (losses)	\$ 4	\$ 4	\$ (136)
Foreign exchange contracts .....	Other net gains (losses)	(4)	(4)	2
Equity contracts .....	Other net gains (losses)	17	(7)	(32)
Credit contracts .....	Other net gains (losses)	2	4	2
<b>Embedded derivatives and Managed custody guarantees:</b>				
Within fixed maturity investments .	Other net gains (losses)	(8)	1	3
Within products .....	Other net gains (losses)	33	(30)	(6)
Within reinsurance agreements <sup>(1)</sup> . .	Policyholder benefits	77	(24)	(111)
Managed custody guarantees .....	Other net gains (losses)	3	(4)	—
Total .....		<u>\$ 124</u>	<u>\$ (60)</u>	<u>\$ (278)</u>

<sup>(1)</sup> For the year ended December 31, 2021, the amount excludes gains (losses) from standalone derivatives of \$2 that are recognized in Other net gains (losses).

**5. Fair Value Measurements (excluding Consolidated Investment Entities)**

*Fair Value Measurement*

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries .....	\$ 745	\$ 258	\$ —	\$ 1,003
U.S. Government agencies and authorities .....	—	81	—	81
State, municipalities and political subdivisions .....	—	1,111	—	1,111
U.S. corporate public securities .....	—	11,925	16	11,941
U.S. corporate private securities .....	—	3,415	1,910	5,325
Foreign corporate public securities and foreign governments <sup>(1)</sup> .....	—	3,723	—	3,723
Foreign corporate private securities <sup>(1)</sup> .....	—	3,148	353	3,501
Residential mortgage-backed securities .....	—	4,259	43	4,302
Commercial mortgage-backed securities .....	—	4,183	—	4,183
Other asset-backed securities .....	—	2,037	44	2,081
Total fixed maturities, including securities pledged .....	745	34,140	2,366	37,251
Equity securities .....	37	—	203	240
Derivatives:				
Interest rate contracts .....	—	147	—	147
Foreign exchange contracts .....	—	19	—	19
Equity contracts .....	—	4	—	4
Credit contracts .....	—	1	—	1
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements .....	2,525	82	—	2,607
Assets held in separate accounts .....	94,943	5,174	316	100,433
Total assets .....	<u>\$ 98,250</u>	<u>\$ 39,567</u>	<u>\$ 2,885</u>	<u>\$ 140,702</u>
Percentage of Level to total .....	70 %	28 %	2 %	100 %
Liabilities:				
Derivatives:				
Guaranteed benefit derivatives <sup>(2)</sup> .....	—	—	48	48
Other derivatives:				
Interest rate contracts .....	—	209	—	209
Foreign exchange contracts .....	—	19	—	19
Equity contracts .....	—	2	—	2
Credit contracts .....	—	1	—	1
Embedded derivative on reinsurance .....	—	109	87	196
Total liabilities .....	<u>\$ —</u>	<u>\$ 340</u>	<u>\$ 135</u>	<u>\$ 475</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

<sup>(2)</sup> Includes GMWBL, GMWB, FIA, Stabilizer and MCGs.

**Voya Financial, Inc.**  
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The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	\$ 1,134	\$ 337	\$ —	\$ 1,471
U.S. Government agencies and authorities	—	102	—	102
State, municipalities and political subdivisions	—	1,346	—	1,346
U.S. corporate public securities	—	16,294	93	16,387
U.S. corporate private securities	—	4,546	1,900	6,446
Foreign corporate public securities and foreign governments <sup>(1)</sup>	—	4,736	—	4,736
Foreign corporate private securities <sup>(1)</sup>	—	4,189	457	4,646
Residential mortgage-backed securities	—	5,583	43	5,626
Commercial mortgage-backed securities	—	4,131	—	4,131
Other asset-backed securities	—	2,077	61	2,138
Total fixed maturities, including securities pledged	<u>1,134</u>	<u>43,341</u>	<u>2,554</u>	<u>47,029</u>
Equity securities	70	—	172	242
Derivatives:				
Interest rate contracts	7	140	48	195
Foreign exchange contracts	—	4	—	4
Equity contracts	—	15	1	16
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	1,903	109	—	2,012
Assets held in separate accounts	<u>84,329</u>	<u>6,001</u>	<u>222</u>	<u>90,552</u>
Total assets	<u>\$ 87,443</u>	<u>\$ 49,610</u>	<u>\$ 2,997</u>	<u>\$ 140,050</u>
Percentage of Level to total	63 %	35 %	2 %	100 %
Liabilities:				
Derivatives:				
Guaranteed benefit derivatives <sup>(2)</sup>	\$ —	\$ —	\$ 99	\$ 99
Other derivatives:				
Interest rate contracts	—	280	48	328
Foreign exchange contracts	—	46	—	46
Equity contracts	—	12	—	12
Credit contracts	—	1	—	1
Embedded derivative on reinsurance	—	163	—	163
Total liabilities	<u>\$ —</u>	<u>\$ 502</u>	<u>\$ 147</u>	<u>\$ 649</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

<sup>(2)</sup> Includes GMWBL, GMWB, FIA, Stabilizer and MCGs.

*Valuation of Financial Assets and Liabilities at Fair Value*

Certain assets and liabilities are measured at estimated fair value on the Company's Consolidated Balance Sheets. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The exit price and the transaction (or entry) price will be the same at initial recognition in many circumstances. However, in certain cases, the transaction price may not represent fair value. The fair value of a liability is based on the amount that would be paid to transfer a liability to a third party with an equal credit standing. Fair value is required to be a market-based measurement that is determined based on a hypothetical transaction at the measurement date, from a market participant's perspective. The Company considers three broad valuation approaches when a quoted price is unavailable: (i) the market approach, (ii) the income approach and (iii) the cost approach. The Company determines the most appropriate valuation technique to use, given the instrument being measured and the availability of sufficient inputs. The Company prioritizes the inputs to fair valuation approaches and allows for the use of unobservable inputs to the extent that observable inputs are not available.

The Company utilizes a number of valuation methodologies to determine the fair values of its financial assets and liabilities in conformity with the concepts of exit price and the fair value hierarchy as prescribed in ASC Topic 820. Valuations are obtained from third-party commercial pricing services, brokers and industry-standard, vendor-provided software that models the value based on market observable inputs. The valuations obtained from third-party commercial pricing services are non-binding. The Company reviews the assumptions and inputs used by third-party commercial pricing services for each reporting period in order to determine an appropriate fair value hierarchy level. The documentation and analysis obtained from third-party commercial pricing services are reviewed by the Company, including in-depth validation procedures confirming the observability of inputs. The valuations are reviewed and validated monthly through the internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades or monitoring of trading volumes.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy are presented below.

For fixed maturities classified as Level 2 assets, fair values are determined using a matrix-based market approach, based on prices obtained from third-party commercial pricing services and the Company's matrix and analytics-based pricing models, which in each case incorporate a variety of market observable information as valuation inputs. The market observable inputs used for these fair value measurements, by fixed maturity asset class, are as follows:

*U.S. Treasuries:* Fair value is determined using third-party commercial pricing services, with the primary inputs being stripped interest and principal U.S. Treasury yield curves that represent a U.S. Treasury zero-coupon curve.

*U.S. government agencies and authorities, State, municipalities and political subdivisions:* Fair value is determined using third-party commercial pricing services, with the primary inputs being U.S. Treasury yield curves, trades of comparable securities, credit spreads off benchmark yields and issuer ratings.

*U.S. corporate public securities, Foreign corporate public securities and foreign governments:* Fair value is determined using third-party commercial pricing services, with the primary inputs being benchmark yields, trades of comparable securities, issuer ratings, bids and credit spreads off benchmark yields.

*U.S. corporate private securities and Foreign corporate private securities:* Fair values are determined using a matrix and analytics-based pricing model. The model incorporates the current level of risk-free interest rates, current corporate credit spreads, credit quality of the issuer and cash flow characteristics of the security. The model also considers a liquidity spread, the value of any collateral, the capital structure of the issuer, the presence of guarantees, and prices and quotes for comparably rated publicly traded securities.

*RMBS, CMBS and ABS:* Fair value is determined using third-party commercial pricing services, with the primary inputs being credit spreads off benchmark yields, prepayment speed assumptions, current and forecasted loss severity, debt service coverage ratios, collateral type, payment priority within tranche and the vintage of the loans underlying the security.

Generally, the Company does not obtain more than one vendor price from pricing services per instrument. The Company uses a hierarchy process in which prices are obtained from a primary vendor and, if that vendor is unable to provide the price, the next vendor in the hierarchy is contacted until a price is obtained or it is determined that a price cannot be obtained from a commercial pricing service. When a price cannot be obtained from a commercial pricing service, independent broker quotes are solicited. Securities priced using independent broker quotes are classified as Level 3.

Fair values of privately placed bonds are determined primarily using a matrix-based pricing model and are generally classified as Level 2 assets. The model considers the current level of risk-free interest rates, current corporate spreads, the credit quality of the issuer and cash flow characteristics of the security. Also considered are factors such as the net worth of the borrower, the value of collateral, the capital structure of the borrower, the presence of guarantees and the Company's evaluation of the borrower's ability to compete in its relevant market. Using this data, the model generates estimated market values, which the Company considers reflective of the fair value of each privately placed bond.

*Equity securities:* Level 2 and Level 3 equity securities, typically private equities or equity securities not traded on an exchange, are valued by other sources such as analytics or brokers.

*Derivatives:* Derivatives are carried at fair value, which is determined using the Company's derivative accounting system in conjunction with observable key financial data from third-party sources, such as yield curves, exchange rates, S&P 500 Index prices, London Interbank Offered Rates ("LIBOR") and Overnight Index Swap ("OIS") rates. The Company uses OIS for valuations of collateralized interest rate derivatives, which are obtained from third-party sources. For those derivatives that are unable to be valued by the accounting system, the Company typically utilizes values established by third-party brokers. Counterparty credit risk is considered and incorporated in the Company's valuation process through counterparty credit rating requirements and monitoring of overall exposure. It is the Company's policy to transact only with investment grade counterparties with a credit rating of A- or better. The Company's nonperformance risk is also considered and incorporated in the Company's valuation process. The Company also has certain credit default swaps and options that are priced by third party vendors or by using models that primarily use market observable inputs, but contain inputs that are not observable to market participants, which have been classified as Level 3. The remaining derivative instruments are valued based on market observable inputs and are classified as Level 2.

*Guaranteed benefit derivatives:* The Company records reserves for annuity contracts containing GMWBL and GMWB riders. The guarantee is an embedded derivative and is required to be accounted for separately from the host variable annuity contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced by using stochastic techniques under a variety of market return scenarios and other market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

The index-crediting feature in the Company's FIA contracts is an embedded derivative that is required to be accounted for separately from the host contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts for FIAs. The cash flow estimates are produced by market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

The Company records reserves for Stabilizer and MCG contracts containing guaranteed credited rates. The guarantee is treated as an embedded derivative or a stand-alone derivative (depending on the underlying product) and is required to be reported at fair value. The estimated fair value is determined based on the present value of projected future claims, minus the present value of future guaranteed premiums. At inception of the contract, the Company projects a guaranteed premium to be equal to the present value of the projected future claims. The income associated with the contracts is projected using relevant actuarial and capital market assumptions, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced by using stochastic techniques under a variety of risk neutral scenarios and other market implied assumptions. These derivatives are classified as Level 3 liabilities.

The discount rate used to determine the fair value of the Company's GMWBL, GMWB, FIA, and Stabilizer embedded derivative liabilities and the stand-alone derivative for MCG includes an adjustment to reflect the risk that these obligations will not be fulfilled ("nonperformance risk"). The nonperformance risk adjustment incorporates a blend of observable, similarly

rated peer holding company credit spreads, adjusted to reflect the credit quality of the individual insurance subsidiary that issued the guarantee, as well as an adjustment to reflect the non-default spreads and the priority and recovery rates of policyholder claims.

*Embedded derivatives on reinsurance:* The carrying value of embedded derivatives is estimated based upon the change in the fair value of the assets supporting the funds withheld payable under reinsurance agreements. The fair value of the embedded derivative is based on market observable inputs and is classified as Level 2. The remaining derivative instruments are classified as Level 3 and are estimated using the income approach. The fair value is calculated by estimating future cash flows for a certain discrete projection period, estimating the terminal value, if appropriate, and discounting these amounts to present value at a rate of return that considers the relative risk of the cash flows and the time value of money.

#### *Level 3 Financial Instruments*

The fair values of certain assets and liabilities are determined using prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (i.e., Level 3 as defined by ASC Topic 820), including but not limited to liquidity spreads for investments within markets deemed not currently active. These valuations, whether derived internally or obtained from a third-party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability. In addition, the Company has determined, for certain financial instruments, an active market is such a significant input to determine fair value that the presence of an inactive market may lead to classification in Level 3. In light of the methodologies employed to obtain the fair values of financial assets and liabilities classified as Level 3, additional information is presented below.

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The following table summarizes the change in fair value of the Company's Level 3 assets and liabilities and transfers in and out of Level 3 for the period indicated:

	Year Ended December 31, 2021											
	Fair Value as of January 1	Realized/Unrealized Gains (Losses) Included in:		Purchases	Issuances	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Fair Value as of December 31	Change In Unrealized Gains (Losses) Included in Earnings <sup>(3)</sup>	Change In Unrealized Gains (Losses) Included in OCI <sup>(3)</sup>
		Net Income	OCI									
Fixed maturities, including securities pledged:												
U.S. corporate public securities	\$ 93	\$ —	\$ —	\$ 12	\$ —	\$ —	\$ (5)	\$ 1	\$ (85)	\$ 16	\$ —	\$ —
U.S. corporate private securities	1,900	50	(124)	262	—	(346)	(253)	545	(124)	1,910	(1)	(123)
Foreign corporate private securities <sup>(1)</sup>	457	(29)	21	41	—	(81)	(56)	—	—	353	4	18
Residential mortgage-backed securities	43	(16)	(1)	24	—	(7)	—	2	(2)	43	(16)	(1)
Other asset-backed securities	61	—	(3)	16	—	(5)	(47)	22	—	44	—	(2)
Total fixed maturities including securities pledged	2,554	5	(107)	355	—	(439)	(361)	570	(211)	2,366	(13)	(108)
Fixed maturities, trading, at fair value	—	—	—	45	—	—	(45)	—	—	—	—	—
Equity securities, at fair value	172	12	—	225	—	(152)	(54)	—	—	203	—	—
Derivatives:												
Guaranteed benefit derivatives <sup>(2)(5)</sup>	(84)	36	—	—	(3)	—	3	—	—	(48)	—	—
Other derivatives, net	1	—	—	—	—	—	(1)	—	—	—	(1)	—
Embedded derivatives on reinsurance	—	2	—	—	(89)	—	—	—	—	(87)	—	—
Assets held in separate accounts <sup>(4)</sup>	222	1	—	225	—	(13)	—	—	(119)	316	—	—

<sup>(1)</sup> Primarily U.S. dollar denominated.

<sup>(2)</sup> All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract-by contract basis. These amounts are included in Other net gains (losses) in the Consolidated Statements of Operations.

<sup>(3)</sup> For financial instruments still held as of December 31 amounts are included in Net investment income and Total net gains (losses) in the Consolidated Statements of Operations or Unrealized gains (losses) on securities in the Consolidated Statements of Comprehensive Income.

<sup>(4)</sup> The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which results in a net zero impact on Net income (loss) for the Company.

<sup>(5)</sup> Includes GMWB, GMWB, FIA, Stabilizer and MCGs.

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Year Ended December 31, 2020

	Realized/		Year Ended December 31, 2020							Change In Unrealized Gains (Losses) Included in OCI <sup>(3)</sup>		
	Fair Value as of January 1	Unrealized Gains (Losses) Included in: Net Income	OCI	Purchases	Issuances	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3		Fair Value as of December 31	Change In Unrealized Gains (Losses) Included in Earnings <sup>(3)</sup>
Fixed maturities, including securities pledged:												
U.S. corporate public securities	\$ 74	\$ —	\$ 6	\$ —	\$ —	\$ (9)	\$ (18)	\$ 40	\$ —	\$ 93	\$ —	\$ 6
U.S. corporate private securities	1,457	—	53	375	—	(16)	(160)	465	(274)	1,900	—	53
Foreign corporate public securities and foreign governments <sup>(1)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
Foreign corporate private securities <sup>(1)</sup>	328	(19)	(24)	254	—	(15)	(12)	7	(62)	457	(4)	(24)
Residential mortgage-backed securities	23	(10)	—	37	—	—	—	—	(7)	43	(10)	—
Commercial mortgage-backed securities	—	—	—	—	—	—	—	—	—	—	—	—
Other asset-backed securities	78	—	1	6	—	—	(24)	—	—	61	—	1
Total fixed maturities including securities pledged	1,960	(29)	36	672	—	(40)	(214)	512	(343)	2,554	(14)	36
Equity securities, at fair value	128	8	—	39	—	—	(3)	—	—	172	8	—
Derivatives:												
Guaranteed benefit derivatives <sup>(2)(5)</sup>	(60)	(34)	—	—	(6)	—	1	—	—	(99)	—	—
Other derivatives, net	—	—	—	1	—	—	—	—	—	1	—	—
Assets held in separate accounts <sup>(4)</sup>	116	—	—	160	—	(2)	—	3	(55)	222	—	—

<sup>(1)</sup> Primarily U.S. dollar denominated.

<sup>(2)</sup> All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract-by-contract basis. These amounts are included in Other net gains (losses) in the Consolidated Statements of Operations.

<sup>(3)</sup> For financial instruments still held as of December 31 amounts are included in Net investment income and Total net gains (losses) in the Consolidated Statements of Operations or Unrealized gains (losses) on securities in the Consolidated Statements of Comprehensive Income.

<sup>(4)</sup> The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which results in a net zero impact on Net income (loss) for the Company.

<sup>(5)</sup> Includes GMWB, GMWB, FIA, Stabilizer, and MCGs.



For the years ended December 31, 2021 and 2020, the transfers in and out of Level 3 for fixed maturities were due to the variation in inputs relied upon for valuation each quarter. Securities that are primarily valued using independent broker quotes when prices are not available from one of the commercial pricing services are reflected as transfers into Level 3. When securities are valued using more widely available information, the securities are transferred out of Level 3 and into Level 1 or 2, as appropriate.

*Significant Unobservable Inputs*

The Company's Level 3 fair value measurements of its fixed maturities, equity securities and equity and credit derivative contracts are primarily based on broker quotes for which the quantitative detail of the unobservable inputs is neither provided nor reasonably corroborated, thus negating the ability to perform a sensitivity analysis. The Company performs a review of broker quotes by performing a monthly price variance comparison and back tests broker quotes to recent trade prices.

*Other Financial Instruments*

The following disclosures are made in accordance with the requirements of ASC Topic 825 which requires disclosure of fair value information about financial instruments, whether or not recognized at fair value on the Consolidated Balance Sheets.

ASC Topic 825 excludes certain financial instruments, including insurance contracts and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

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The carrying values and estimated fair values of the Company's financial instruments as of the dates indicated:

	December 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets:</b>				
Fixed maturities, including securities pledged	\$ 37,251	\$ 37,251	\$ 47,029	\$ 47,029
Equity securities	240	240	242	242
Mortgage loans on real estate	5,627	5,982	6,830	7,316
Policy loans	392	392	718	718
Cash, cash equivalents, short-term investments and short-term investments under securities loan agreements	2,607	2,607	2,012	2,012
Derivatives	171	171	215	215
Deposit assets <sup>(3)</sup>	1,523	1,532	—	—
Other investments	79	79	285	368
Assets held in separate accounts	100,433	100,433	90,552	90,552
<b>Liabilities:</b>				
Investment contract liabilities:				
Funding agreements without fixed maturities and deferred annuities <sup>(1)</sup>	\$ 35,334	\$ 43,407	\$ 35,545	\$ 45,576
Funding agreements with fixed maturities	1,460	1,461	796	795
Supplementary contracts, immediate annuities and other	829	775	912	800
Derivatives:				
Guaranteed benefit derivatives <sup>(2)</sup>	48	48	99	99
Other derivatives	231	231	387	387
Short-term debt	1	1	1	1
Long-term debt	2,595	2,991	3,044	3,564
Embedded derivative on reinsurance	196	196	163	163

<sup>(1)</sup> Certain amounts included in Funding agreements without fixed maturities and deferred annuities are also reflected within the Guaranteed benefit derivatives section of the table above.

<sup>(2)</sup> Includes GMWBL, GMWB, FIA, Stabilizer and MCG.

<sup>(3)</sup> Included in Other assets on the Consolidated Balance Sheets.

The following table presents the classifications of financial instruments which are not carried at fair value on the Consolidated Balance Sheets:

<b>Financial Instrument</b>	<b>Classification</b>
Mortgage loans on real estate	Level 3
Policy loans	Level 2
Deposit assets	Level 3
Other investments	Level 2
Funding agreements without fixed maturities and deferred annuities	Level 3
Funding agreements with fixed maturities	Level 2
Supplementary contracts and immediate annuities	Level 3
Short-term debt and Long-term debt	Level 2

**6. Deferred Policy Acquisition Costs and Value of Business Acquired**

The following table presents a rollforward of DAC and VOBA for the periods indicated:

	<u>DAC</u>	<u>VOBA</u>	<u>Total</u>
Balance at January 1, 2019	\$ 2,145	\$ 818	\$ 2,963
Deferrals of commissions and expenses	95	8	103
Amortization:			
Amortization, excluding unlocking <sup>(2)</sup>	(301)	(134)	(435)
Unlocking <sup>(1)</sup>	27	48	75
Interest accrued	122	56 <sup>(3)</sup>	178
Net amortization included in Consolidated Statements of Operations	(152)	(30)	(182)
Change in unrealized capital gains/losses on available-for-sale securities	(326)	(332)	(658)
Balance at December 31, 2019	<u>1,762</u>	<u>464</u>	<u>2,226</u>
Impact of ASU 2016-13	3	—	3
Deferrals of commissions and expenses	104	6	110
Amortization:			
Amortization, excluding unlocking <sup>(2)</sup>	(265)	(108)	(373)
Unlocking <sup>(1)</sup>	(27)	(118)	(145)
Interest accrued	118	48 <sup>(3)</sup>	166
Net amortization included in Consolidated Statements of Operations	(174)	(178)	(352)
Change in unrealized capital gains/losses on available-for-sale securities	(255)	(222)	(477)
Balance as of December 31, 2020	<u>1,440</u>	<u>70</u>	<u>1,510</u>
Deferrals of commissions and expenses	98	6	104
Amortization:			
Amortization, excluding unlocking <sup>(2)</sup>	(641)	(277)	(918)
Unlocking <sup>(1)</sup>	(25)	9	(16)
Interest accrued	104	35 <sup>(3)</sup>	139
Net amortization included in Consolidated Statements of Operations	(562)	(233)	(795)
Change in unrealized capital gains/losses on available-for-sale securities	241	318	559
Balance as of December 31, 2021	<u>\$ 1,217</u>	<u>\$ 161</u>	<u>\$ 1,378</u>

<sup>(1)</sup> Includes the impacts of annual review of assumptions which typically occurs in the third quarter; and retrospective and prospective unlocking.

<sup>(2)</sup> During 2021, the Company recognized loss recognition of \$351 and \$87 for DAC and VOBA, respectively. There was no loss recognition during 2020 and 2019.

<sup>(3)</sup> Interest accrued at the following rates for VOBA: 3.5% to 7.2% during 2021 and 2020, and 3.5% to 7.4% during 2019.

The estimated amount of VOBA amortization expense, net of interest, during the next five years is presented in the following table. Actual amortization incurred during these years may vary as assumptions are modified to incorporate actual results and/or changes in best estimates of future results.

<u>Year</u>	<u>Amount</u>
2022	\$ 41
2023	34
2024	28
2025	24
2026	21

**7. Reserves for Future Policy Benefits and Contract Owner Account Balances**

Future policy benefits and contract owner account balances were as follows as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
<b>Future policy benefits:</b>		
Individual and group life insurance contracts .....	\$ 4,702	\$ 4,788
Product guarantees on universal life and deferred annuity contracts, and payout contracts with life contingencies .....	4,349	4,559
Accident and health .....	901	864
Total .....	\$ 9,952	\$ 10,211
<b>Contract owner account balances:</b>		
Universal life-type contracts .....	\$ 5,149	\$ 5,083
Fixed annuities and payout contracts without life contingencies .....	36,196	36,536
Funding agreements and other .....	1,461	795
Total .....	\$ 42,806	\$ 42,414

**8. Guaranteed Benefit Features**

The Company issued UL and VUL contracts where the Company contractually guaranteed to the contract owner a death benefit even when there is insufficient value to cover monthly mortality and expense charges, whereas otherwise the contract would typically lapse ("no lapse guarantee"), and other provisions that would produce expected gains from the insurance benefit function followed by losses from that function in later years.

In addition, the Company's Stabilizer and MCG products have guaranteed credited rates. Credited rates are set either quarterly or annually. Most contracts have a zero percent minimum credited rate guarantee, although some contracts have minimum credited rate guarantees up to 1% and allow the contract holder to select either the market value of the account or the book value of the account at termination. The book value of the account is equal to deposits plus interest, less any withdrawals. The fair value is estimated using the income approach.

The Company has a small number of variable annuity policies that contain living benefit riders such as GMWB/GMWBL and GMIB and death benefit riders such as GMDB. These products include separate account options and guarantee the contract owner a return or withdrawal amount payable in conjunction with a specified event (ex. death, annuitization).

The Company's major source of income from guaranteed benefit features is the base contract mortality, expense and guaranteed death and living benefit rider fees charged to the contract owner, less the costs of administering the product and providing for the guaranteed death and living benefits.

The liabilities for UL contracts are recorded in the general account. The liabilities for VUL contracts are recorded in separate account liabilities. The separate account liabilities may include more than one type of guarantee. These liabilities are subject to the requirements for additional reserve liabilities which are recorded on the Consolidated Balance Sheets in Future policy benefits and Contract owner account balances.

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The paid and incurred amounts were as follows for the years ended December 31, 2021, 2020 and 2019:

	<b>UL and VUL<sup>(1)</sup></b>	<b>Stabilizer and MCGs<sup>(2)</sup></b>	<b>Other<sup>(3)</sup></b>
Separate account liability at December 31, 2021	\$ 341	\$ 43,352	\$ 1,575
Separate account liability at December 31, 2020	\$ 317	\$ 46,059	\$ 2,008
Additional liability balance:			
Balance at January 1, 2019	\$ 348	\$ 5	44
Incurred guaranteed benefits	209	17	(9)
Paid guaranteed benefits	(163)	—	—
Balance at December 31, 2019	394	22	35
Incurred guaranteed benefits	274	31	3
Paid guaranteed benefits	(207)	—	2
Balance at December 31, 2020	461	53	40
Incurred guaranteed benefits	(407)	(32)	(13)
Paid guaranteed benefits	(10)	(1)	(2)
Balance at December 31, 2021	\$ 44	\$ 20	\$ 25

<sup>(1)</sup> The additional liability balances as of December 31, 2021, 2020, 2019 and as of January 1, 2019 are presented net of reinsurance of \$1,669, \$1,079, \$1,005 and \$899, respectively.

<sup>(2)</sup> The Separate account liability at December 31, 2021 and 2020 includes \$35.3 billion and \$37.6 billion, respectively, of externally managed assets, which are not reported on the Company's Consolidated Balance Sheets.

<sup>(3)</sup> Includes GMDB/GMWBL/GMIB.

The net amount at risk for the secondary guarantees is equal to the current death benefit in excess of the account values. The general and separate account values, net amount at risk, net of reinsurance and the weighted average attained age of contract owners by type of minimum guaranteed benefit for UL and VUL contracts were as follows as of December 31, 2021 and 2020:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
	<b>Secondary Guarantees</b>	<b>Secondary Guarantees</b>
<b>UL and VUL Contracts:</b> <sup>(1)</sup>		
Account value (general and separate account)	\$ 1,524	\$ 1,333
Net amount at risk, net of reinsurance	4,696	3,775
Weighted average attained age	72	73

<sup>(1)</sup> There were no Paid-up Guarantees as of December 31, 2021 and 2020.

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Account balances of contracts with guarantees invested in variable separate accounts were as follows as of December 31, 2021 and 2020:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Equity securities (including mutual funds):</b>		
Equity funds .....	\$ 2,068	\$ 2,000
Bond funds .....	182	190
Balanced funds .....	398	341
Money market funds .....	42	49
Other .....	10	10
<b>Total .....</b>	<b>\$ 2,700</b>	<b>\$ 2,590</b>

In addition, the aggregate fair value of fixed income securities supporting separate accounts with Stabilizer benefits as of December 31, 2021 and 2020 was \$8.1 billion and \$8.4 billion, respectively.

**9. Reinsurance**

The Company reinsures its business through a diversified group of reinsurers. However, the Company remains liable to the extent its reinsurers do not meet their obligations under the reinsurance agreements. The Company monitors trends in arbitration and any litigation outcomes with its reinsurers. Collectability of reinsurance balances are evaluated by monitoring ratings and evaluating the financial strength of its reinsurers. Large reinsurance recoverable balances with offshore or other non-accredited reinsurers are secured through various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit ("LOC").

Information regarding the effect of reinsurance on the Consolidated Balance Sheets is as follows as of the periods indicated:

	<b>December 31, 2021</b>			<b>Total, Net of Reinsurance</b>
	<b>Direct</b>	<b>Assumed</b>	<b>Ceded</b>	
<b>Assets</b>				
Premiums receivable .....	\$ 169	\$ 8	\$ (213)	\$ (36)
Reinsurance recoverable, net of allowance for credit losses ..	—	—	13,671	13,671
<b>Total .....</b>	<b>\$ 169</b>	<b>\$ 8</b>	<b>\$ 13,458</b>	<b>\$ 13,635</b>
<b>Liabilities</b>				
Future policy benefits and contract owner account balances ..	\$ 51,648	\$ 1,110	\$ —	\$ 52,758
Liability for funds withheld under reinsurance agreements ...	203	—	—	203
<b>Total .....</b>	<b>\$ 51,851</b>	<b>\$ 1,110</b>	<b>\$ —</b>	<b>\$ 52,961</b>

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**December 31, 2020**

	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Total, Net of Reinsurance</u>
<b>Assets</b>				
Premiums receivable .....	\$ 145	\$ 10	\$ (92)	\$ 63
Reinsurance recoverable .....	—	—	3,494	3,494
<b>Total</b> .....	<u>\$ 145</u>	<u>\$ 10</u>	<u>\$ 3,402</u>	<u>\$ 3,557</u>
<b>Liabilities</b>				
Future policy benefits and contract owner account balances ..	\$ 51,569	\$ 1,056	\$ —	\$ 52,625
Liability for funds withheld under reinsurance agreements ..	138	—	—	138
<b>Total</b> .....	<u>\$ 51,707</u>	<u>\$ 1,056</u>	<u>\$ —</u>	<u>\$ 52,763</u>

Information regarding the effect of reinsurance on the Consolidated Statement of Operations is as follows for the periods indicated:

**Year ended December 31,**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Premiums:</b>			
Direct premiums .....	\$ 3,041	\$ 2,897	\$ 2,759
Reinsurance assumed .....	26	31	30
Reinsurance ceded .....	(6,421)	(512)	(516)
Net premiums .....	<u>\$ (3,354)</u>	<u>\$ 2,416</u>	<u>\$ 2,273</u>
<b>Fee income:</b>			
Gross fee income .....	\$ 2,230	\$ 2,008	\$ 1,950
Reinsurance assumed .....	18	19	20
Reinsurance ceded .....	(421)	(1)	(1)
Net fee income .....	<u>\$ 1,827</u>	<u>\$ 2,026</u>	<u>\$ 1,969</u>
<b>Interest credited and other benefits to contract owners / policyholders:</b>			
Direct interest credited and other benefits to contract owners / policyholders .....	\$ 5,317	\$ 4,610	\$ 4,186
Reinsurance assumed .....	77	67	9
Reinsurance ceded <sup>(1)</sup> .....	(7,557)	(576)	(445)
Net interest credited and other benefits to contract owners / policyholders .....	<u>\$ (2,163)</u>	<u>\$ 4,101</u>	<u>\$ 3,750</u>

<sup>(1)</sup> Includes \$6,023, \$244 and \$232 for amounts paid and accrued to reinsurers in connection with the Company's UL contracts for the years ended December 31, 2021, 2020 and 2019, respectively.

Pursuant to the terms of the Resolution MTA and the Individual Life transaction closed on January 4, 2021 and disclosed in the *Discontinued Operations* Note to these Consolidated Financial Statements, SLD was acquired by Resolution Life US and is, no longer a subsidiary of the Company. Concurrently, the Company's wholly owned subsidiaries Reliastar Life Insurance Company ("RLI"), ReliaStar Life Insurance Company of New York ("RLNY"), and Voya Retirement Insurance and Annuity Company ("VRIAC"), each of which is a direct or indirect wholly owned subsidiary of the Company entered into three reinsurance agreements with SLD. Pursuant to these agreements, RLI and VRIAC ceded to SLD a 100% quota share, and

RLNY ceded to SLD a 75% quota share, of their respective individual life insurance and annuities businesses. RLI, RLNY, and VRIAC remain subsidiaries of the Company.

The reinsurance transaction does not extinguish the Company's primary liability to its policyholders. As a result of the reinsurance transactions on January 4, 2021, the Company reinsured \$11.4 billion of policyholder liabilities under indemnity coinsurance and modified coinsurance arrangements. As of January 4, 2021, reinsurance recoverable associated with these transactions was \$10.4 billion. The Company ceded \$5.6 billion in premiums and \$5.5 billion in policyholder benefits. The Company transferred invested assets with a fair market value of \$10.8 billion and cash of \$427 as consideration for the reinsurance arrangements. As a result of the transfer of invested assets the Company recognized \$1.9 billion in pre-tax realized gains. The Company also recognized non-cash assets of \$345 and \$1.7 billion relating to the pre-tax net cost of reinsurance asset and deposit asset on January 4, 2021, as a result of entering into the reinsurance agreements. The deposit asset is related to the portion of the reinsurance transaction that involve policies that do not meet risk transfer.

Furthermore, at the close of the Individual Life Transaction on January 4, 2021, the Company had \$1.3 billion of pre-tax deferred intangibles associated with the divested businesses. The deferred intangibles consist of (1) existing DAC, VOBA and URR balances on businesses already exited via reinsurance and for the portion of the transaction that involves a sale through reinsurance, (2) existing deferred Cost of reinsurance ("COR") on businesses already exited via reinsurance and (3) deferred COR established as a result of the Individual Life Transaction. The deferred intangibles are amortized as a charge to earnings over the life of the underlying policies. The annual pre-tax impact on income of the deferred intangibles was \$527 which comprises of amortization of \$89 and loss recognition of \$438, both of which were recorded in the accompanying Consolidated Statements of Operations. In addition, the amortization of the deposit asset is largely offset by the interest credited to policyholders. The amortization of the deferred intangibles and the deposit asset has been classified as a component of Income (loss) related to businesses exited or to be exited via reinsurance which is an adjustment to Income (loss) from continuing operations before income taxes to calculate Adjusted operating earnings before taxes and consequently are not included in the adjusted operating results of our segments. Additionally, the Company would expect the annual impact of the amortization of the deferred intangibles and deposit asset to decline over time.

The revenues and net results of the Individual Life and Annuities businesses that are disposed of via reinsurance are reported in businesses exited or to be exited through reinsurance or divestment which is an adjustment to the Company's U.S. GAAP revenues and earnings measures to calculate Adjusted operating revenues and Adjusted operating earnings before income taxes, respectively.

The Company has an indemnity reinsurance arrangement with a subsidiary of Lincoln National Corporation ("Lincoln") related to a block of its individual life insurance business. Under the agreement, Lincoln contractually assumed from the Company certain policyholder liabilities and obligations, although the Company remains obligated to contract owners. Reinsurance recoverable related to this reinsurance agreement was \$1.1 billion and \$1.2 billion as of December 31, 2021 and 2020, respectively on the Consolidated Balance Sheets.

## **10. Goodwill and Other Intangible Assets**

### *Goodwill*

Goodwill is the excess of cost over the estimated fair value of net assets acquired. As of December 31, 2021 and 2020, the Company had \$72 and \$48 in goodwill, respectively, which was related to the Investment Management, Wealth Solutions and Health Solutions segments. There is no accumulated impairment balance associated with goodwill. The Company performs a goodwill impairment analysis annually and more frequently if facts and circumstances indicate that goodwill may be impaired. The Company performed impairment testing as of December 31, 2021, and based on the analyses, concluded no goodwill impairment.



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*Other Intangible Assets*

The following table presents other intangible assets as of the dates indicated:

	Weighted Average Amortization Lives	December 31, 2021			December 31, 2020		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Management contract rights .....	20 years	\$ 550	\$ 550	\$ —	\$ 550	\$ 550	\$ —
Customer relationship lists ..	20 years	134	104	30	120	97	23
Computer software ..	3 years	470	403	67	448	395	53
Total intangible assets .....		<u>\$ 1,154</u>	<u>\$ 1,057</u>	<u>\$ 97</u>	<u>\$ 1,118</u>	<u>\$ 1,042</u>	<u>\$ 76</u>

Amortization expense related to intangible assets was \$46, \$55 and \$60 for the years ended December 31, 2021, 2020 and 2019, respectively.

The estimated amortization of intangible assets are as follows:

Year	Amount
2022 .....	\$ 39
2023 .....	30
2024 .....	6
2025 .....	4
2026 .....	4

Amortization of intangible assets is included in the Consolidated Statements of Operations in Operating expenses.

The Company does not have any indefinite-lived intangibles other than goodwill.

**11. Share-based Incentive Compensation Plans**

*ING U.S., Inc. 2013 Omnibus Employee Incentive Plan, Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan and 2019 Omnibus Employee Incentive Plan*

The Company has provided equity-based compensation awards to its employees under the ING U.S., Inc. 2013 Omnibus Employee Incentive Plan (the "2013 Omnibus Plan"), the Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (the "2014 Omnibus Plan") and the Voya Financial, Inc. 2019 Omnibus Employee Incentive Plan (the "2019 Omnibus Plan") (together, the "Omnibus Plans"). As of December 31, 2021, common stock reserved and available for issuance under the 2013 Omnibus Plan was 347,663 shares. The 2013 Omnibus Plan is no longer actively used for new grants of equity-based compensation awards.

The 2014 Omnibus Plan was adopted by the Company's Board of Directors and approved by shareholders in 2014, and has substantially the same terms as the 2013 Omnibus Plan, except for certain changes intended to allow certain performance-based compensation awards to comply with the criteria for tax deductibility set forth in Section 162(m) of the Internal Revenue Code. The 2014 Omnibus Plan provides for 17,800,000 shares of common stock to be available for issuance as equity-based compensation awards. As of December 31, 2021, common stock reserved and available for issuance under the 2014 Omnibus Plan was 3,213,454 shares.

The 2019 Omnibus Plan was adopted by the Company's Board of Directors and approved by shareholders in 2019. The 2019 Omnibus Plan provides for 11,700,000 shares of common stock to be available for issuance as equity-based compensation

awards, subject to other provisions of the plan for replacement of shares and adjustments. As of December 31, 2021, common stock reserved and available for issuance under the 2019 Omnibus Plan was 9,312,604 shares.

The Omnibus Plans each permit the granting of a wide range of equity-based awards, including RSUs, which represent the right to receive a number of shares of Company common stock upon vesting; restricted stock, which are shares of Company stock that are issued subject to sale and transfer restrictions until the vesting conditions are met; PSUs, which are RSUs subject to certain performance-based vesting conditions, and under which the number of shares of common stock delivered upon vesting varies with the level of achievement of performance criteria; and stock options. Grants of equity-based awards under the Omnibus Plans are approved in advance by the Compensation and Benefits Committee (the "Committee") of the Board of Directors of the Company, and are subject to such terms and conditions as the Committee may determine, including in respect of vesting and forfeiture, subject to certain limitations provided in the Omnibus Plans. Equity-based awards under the Omnibus Plans may carry dividend equivalent rights, pursuant to which notional dividends accumulate on unvested equity awards and are paid, in cash, upon vesting. Except for stock option awards made during 2015 and 2019, awards made under the Omnibus Plans, to date, have included dividend equivalent rights. Dividend equivalents are credited to the recipient and are paid only to the extent the applicable performance criteria and service conditions are met.

During each of the years ended December 31, 2021, 2020 and 2019 the Company awarded RSUs and PSUs to its employees under the Omnibus Plans. The PSU awards entitle recipients to receive, upon vesting, a number of shares of common stock that ranges from 0% to 150% of the number of PSUs awarded, depending on the level of achievement of the specified performance conditions. The establishment and the achievement of performance objectives are determined and approved by the Committee. Except under certain termination conditions, RSUs and PSUs generally vest no earlier than one year from the date of the award and no later than three years from the date of the award. In the case of retirement (eligibility for which is based on the employee's age and years of service as provided in the relevant award agreement), awards vest in full, but subject to the satisfaction of any applicable performance criteria.

In December 2015, the Company also awarded contingent stock options ("2015 Stock Options") under the 2014 Omnibus Plan. These options are subject to vesting conditions based on the achievement of specified performance measures, and generally become exercisable one year following satisfaction of the relevant vesting condition. The options have a term of ten years from the grant date.

In February 2019, the Company awarded contingent stock options ("2019 Stock Options") under the 2014 Omnibus Plan. These options are subject to vesting conditions based on the achievement of specified performance measures, and generally become exercisable one year following satisfaction of the relevant vesting condition. The options have a term of ten years from the grant date.

If an award under the Omnibus Plans is forfeited, expired, terminated or otherwise lapses, the shares of Company common stock underlying that award will again become available for issuance. Shares withheld by the Company to pay employee taxes, or which are withheld by or tendered to the Company to pay the exercise price of stock options (or are repurchased from an option holder by the Company with proceeds from the exercise of stock options) are not available for reissuance.

#### *Voya Financial, Inc. 2013 Omnibus Non-Employee Director Incentive Plan*

The Company offers equity-based awards to Voya Financial, Inc. non-employee directors under the Voya Financial, Inc. 2013 Omnibus Non-Employee Director Incentive Plan ("2013 Director Plan"), which the Company adopted in connection with the IPO. A total of 288,000 shares of Company common stock may be issued under the 2013 Director Plan. The material terms of the 2013 Director Plan are substantially consistent with the material terms of the 2013 Omnibus Plan described above.

During the years ended December 31, 2021, 2020, and 2019, the Company granted 16,460, 26,886 and 18,571 RSUs, respectively, to certain of its non-employee directors. The awards granted vest in full on the first anniversary of the grant date, however, for awards granted prior to 2020, no shares are delivered in connection with the RSUs until such time as the director's service on the Board is terminated. For awards granted in or subsequent to 2020, shares can be delivered at vesting or at such time as the director's service on the Board is terminated.

*Compensation Cost*

The fair value of stock options was estimated using the Black-Scholes option pricing model. The following is a summary of the assumptions used in this model for the stock options granted in 2015 and 2019:

	<u>2015 Stock Options</u>	<u>2019 Stock Options</u>
Expected volatility .....	28.6 %	26.5 %
Expected term (in years) .....	6.02	5.99
Strike price .....	\$ 37.60	\$ 50.03
Risk-free interest rate .....	2.1 %	2.7 %
Expected dividend yield .....	0.11 %	1.00 %
Weighted average estimated fair value .....	\$ 11.89	\$ 13.78

During the year ended December 31, 2017, all outstanding 2015 Stock Options vested as the necessary performance conditions were satisfied. The Company utilized the simplified method for the expected term calculations. At the time of grant, the Company did not have historical exercises on which to base its own estimate. Additionally, exercise data relating to employees of comparable companies was not easily obtainable. Furthermore, because the Company did not have historical stock prices for a period at least equal to the expected term, the Company estimated expected volatilities were based on the Company's life-to-date historical volatility using a weighted-average consisting 70% of historical peer group volatility and 30% of the historical volatility of the Company common stock. The contractual term for exercising the options is ten years.

The vesting of the 2019 Stock Options was contingent on the satisfaction of performance conditions on or before December 31, 2020; the Company assumed for purposes of the award's fair value that such conditions would be met in full on or prior to such date. As of December 31, 2020, all outstanding 2019 Stock Options had vested as the necessary performance conditions were satisfied. The Company utilized the simplified method for the expected term calculations. At the time of grant, the Company did not have historical exercises on which to base its own estimate. Additionally, exercise data relating to employees of comparable companies was not easily obtainable. Expected volatilities were based on the Company's life-to-date historical volatility. The contractual term for exercising the options is ten years.

The fair value of the TSR component of the PSU awards was estimated using a Monte Carlo simulation. The following is a summary of the significant assumptions used to calculate the fair value of the TSR component of the PSU awards granted during the periods indicated:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expected volatility of the Company's common stock .....	34.54 %	25.02 %	28.29 %
Average expected volatility of peer companies .....	45.24 %	23.60 %	25.15 %
Expected term (in years) .....	2.87	2.86	2.86
Risk-free interest rate .....	0.20 %	1.35 %	2.48 %
Expected dividend yield .....	— %	— %	— %
Average correlation coefficient of peer companies .....	78 %	62 %	63 %

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The following table summarizes share-based compensation expense, which includes expenses related to awards granted under the Omnibus Plans and Director Plan for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
RSUs .....	\$ 41	\$ 44	\$ 45
PSU awards .....	46	40	44
Stock options .....	1	4	8
Total .....	<u>88</u>	<u>88</u>	<u>97</u>
Income tax benefit .....	22	30	29
Share-based compensation .....	<u>\$ 66</u>	<u>\$ 58</u>	<u>\$ 68</u>

The following table summarizes the unrecognized compensation cost and expected remaining weighted-average period of expense recognition as of December 31, 2021:

	<b>RSUs</b>	<b>PSU Awards</b>	<b>Stock Options</b>
Unrecognized compensation cost .....	\$ 19	\$ 26	\$ —
Expected remaining weighted-average period of expense recognition (in years) .....	1.8	1.7	—

*Awards Outstanding*

The following table summarizes RSU and PSU awards activity under the Omnibus Plans and Director Plan for the periods indicated:

	<b>RSU Awards</b>		<b>PSU Awards</b>	
	<b>Number of Awards</b>	<b>Weighted Average Grant Date Fair Value</b>	<b>Number of Awards</b>	<b>Weighted Average Grant Date Fair Value</b>
<i>(awards in millions)</i>				
Outstanding at January 1, 2021 .....	1.5	\$ 55.86	2.0	\$ 55.48
Adjusted for PSU performance factor .....	—	—	0.3	53.22
Granted .....	0.8	56.88	0.8	49.88
Vested .....	(0.8)	52.86	(1.0)	53.32
Forfeited .....	(0.1)	58.07	(0.1)	55.13
Outstanding at December 31, 2021 .....	<u>1.4</u>	<u>\$ 57.53</u>	<u>2.0</u>	<u>\$ 54.05</u>
Awards expected to vest as of December 31, 2021 .....	1.4	\$ 57.53	2.0	\$ 54.05

The weighted-average grant date fair value for RSU awards granted during the year ended December 31, 2021, 2020 and 2019 was \$56.88, \$62.74 and \$50.15, respectively. The weighted-average grant date fair value for PSU awards granted during the years ended December 31, 2021, 2020 and 2019 was \$49.88, \$61.86 and \$51.64, respectively. The total fair value of shares vested for the years ended December 31, 2021, 2020, and 2019 was \$110, \$112 and \$124, respectively.

The following table summarizes the number of options under the Omnibus Plans for the periods indicated:

	<b>Stock Options</b>			
	<b>Number of Awards</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (Years)</b>	<b>Aggregate Intrinsic Value</b>
<i>(awards in millions)</i>				
Outstanding as of January 1, 2021	2.6	\$ 42.29	6.2	\$ 38.9
Granted	—	—		
Exercised	(0.6)	40.08		
Forfeited	(0.2)	42.06		
Outstanding as of December 31, 2021	<u>1.8</u>	\$ 42.91	5.3	\$ 43.1
Vested, exercisable, as of December 31, 2021	1.8	42.91	5.3	43.1

The total intrinsic value of options exercised during the years ended December 31, 2021, 2020 and 2019 was \$13, \$5 and \$12.

## 12. Shareholders' Equity

### *Non-controlling Interest*

Non-controlling interest in limited partnerships increased as a result of favorable market appreciation in limited partnership investments, net of contributions and distributions. See the *Consolidated and Nonconsolidated Investment Entities* Note to these Consolidated Financial Statements for additional details over changes in non-controlling interest during the year and impacting Shareholders' Equity.

### *Common Shares*

The following table presents the rollforward of common shares used in calculating the weighted average shares utilized in the basic earnings per common share calculation for the periods indicated:

	<b>Common Shares</b>		
	<b>Issued</b>	<b>Held in Treasury</b>	<b>Outstanding</b>
<i>(shares in millions)</i>			
<b>Balance, January 1, 2019</b>	272.4	121.4	151.0
Common Shares issued	0.1	—	0.1
Common Shares acquired - share repurchase	—	21.1	(21.1)
Share-based compensation programs	3.2	0.9	2.3
Treasury Stock retirement	(135.0)	(135.0)	—
<b>Balance, December 31, 2019</b>	<u>140.7</u>	<u>8.4</u>	<u>132.3</u>
Common Shares issued	0.1	—	0.1
Common Shares acquired - share repurchase	—	10.2	(10.2)
Share-based compensation programs	2.5	0.5	2.0
Treasury Stock retirement	—	—	—
<b>Balance, December 31, 2020</b>	<u>143.3</u>	<u>19.1</u>	<u>124.2</u>
Common Shares issued	0.1	—	0.1
Common Shares acquired - share repurchase	—	17.9	(17.9)
Share-based compensation programs	2.4	1.0	1.4
Treasury Stock retirement	(36.8)	(36.8)	—
<b>Balance, December 31, 2021</b>	<u>109.0</u>	<u>1.2</u>	<u>107.8</u>

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Dividends declared per share of Common Stock were as follows for the periods indicated:

	Year Ended December 31,		
	2021	2020	2019
Dividends declared per share of Common Stock . . . . \$	0.695	\$ 0.60	\$ 0.32

*Share and Warrant Repurchase Program*

From time to time, the Company's Board of Directors authorizes the Company to repurchase shares of its common stock and warrants to purchase shares of its common stock. These authorizations permit stock and warrant repurchases up to a prescribed dollar amount and generally may be accomplished through various means, including, without limitation, open market transactions, privately negotiated transactions, forward, derivative, or accelerated repurchase, or automatic repurchase transactions, including 10b5-1 plans, or tender offers. Share and warrant repurchase authorizations typically expire if unused by a prescribed date.

On January 28, 2021, the Board of Directors provided share repurchase authorization, increasing the aggregate amount of the Company's common stock authorized for repurchase by \$1 billion. On October 28, 2021, the Board of Directors provided its most recent share repurchase authorization, increasing the aggregate amount of the Company's common stock authorized for repurchase by \$500. Subsequently, on December 9, 2021, the Board of Directors provided authorization for the repurchase of warrants that, when taken together with share repurchases made under its most recent share repurchase authorization, does not exceed \$500. The share and warrant repurchase authorization expires on December 31, 2022 (unless extended), and does not obligate the Company to purchase any shares. The authorization for the share and warrant repurchase program may be terminated, increased or decreased by the Board of Directors at any time.

The following table presents repurchases of the Company's common stock through share repurchase agreements with third-party financial institutions for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

2021					
Execution Date	Payment	Initial Shares Delivered	Closing Date	Additional Shares Delivered	Total Shares Repurchased
June 30, 2021 . . . . .	\$ 400	5,203,252	September 16, 2021	1,081,552	6,284,804
February 11, 2021 . . . .	\$ 250	3,617,291	May 14, 2021	330,852	3,948,143
2020					
Execution Date	Payment	Initial Shares Delivered	Closing Date	Additional Shares Delivered	Total Shares Repurchased
December 28, 2020 . . .	\$ 150	2,066,472	January 22, 2021	509,909	2,576,381
2019					
Execution Date	Payment	Initial Shares Delivered	Closing Date	Additional Shares Delivered	Total Shares Repurchased
January 3, 2019 . . . . .	\$ 250	5,059,449	April 4, 2019	290,765	5,350,214
April 9, 2019 . . . . .	\$ 236	3,593,453	June 4, 2019	879,199	4,472,652
June 19, 2019 . . . . .	\$ 200	2,963,512	August 6, 2019	695,566	3,659,078
December 19, 2019 . . .	\$ 200	2,591,093	February 26, 2020	727,368	3,318,461

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Subsequent to December 31, 2021, the Company repurchased 2,050,270 shares through a 10b5-1 plan for an aggregate purchase price of \$145 million.

The following table presents repurchases of our common stock through open market repurchases for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Shares of common stock .....	7,118,829	7,390,099	4,926,775
Payment .....	\$ 463	\$ 366	\$ 250

*Warrants*

On May 7, 2013, the Company issued to ING Group warrants to purchase up to 26,050,846 shares of the Company's common stock equal in the aggregate to 9.99% of the issued and outstanding shares of common stock at that date. The exercise price of the warrants at the time of issuance was \$48.75 per share of common stock, subject to adjustments, including for stock dividends, cash dividends in excess of \$0.01 per share a quarter, subdivisions, combinations, reclassifications and non-cash distributions. The warrants also provide for, upon the occurrence of certain change of control events affecting the Company, an increase in the number of shares to which a warrant holder will be entitled upon payment of the aggregate exercise price of the warrant. The warrants became exercisable to ING Group and its affiliates on January 1, 2017 and to all other holders starting on the first anniversary of the completion of the IPO (May 7, 2014). The warrants expire on the tenth anniversary of the completion of the IPO (May 7, 2023). The warrants are net share settled, which means that no cash will be payable by a warrant holder in respect of the exercise price of a warrant upon exercise, and are classified as permanent equity. They have been recorded at their fair value determined on the issuance date of May 7, 2013 in the amount of \$94 as an addition and reduction to Additional-paid-in-capital. Warrant holders are not entitled to receive dividends. On March 12, 2018, ING Group sold its remaining interests in the warrants and no longer owns any warrants.

On December 29, 2021, the Company paid a quarterly dividend of \$0.20 per share on its common stock. As a consequence, the exercise price of the warrants to purchase shares of common stock was adjusted to \$47.48 per share of common stock and the number of shares of common stock for which each warrant is exercisable has been adjusted to 1.002864293. As of December 31, 2021, no warrants have been exercised.

*Preferred Stock*

On June 11, 2019, the Company issued 300,000 shares of 5.35% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series B ("the Series B preferred stock"), with a \$0.01 par value per share and a liquidation preference of \$1,000 per share, for aggregate net proceeds of \$293. The Company deposited the Series B preferred stock under a deposit agreement with a depository, which issued interests in fractional shares of the Series B preferred stock in the form of depository shares ("Depository Shares") evidenced by depository receipts; each Depository Share representing 1/40th interest in a share of the Series B preferred stock. On September 12, 2018, the Company issued 325,000 shares of 6.125% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series A, with a \$0.01 par value per share and a liquidation preference of \$1,000 per share, for aggregate net proceeds of \$319.

The ability of the Company to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of its common stock will be substantially restricted in the event that the Company does not declare and pay (or set aside) dividends on the Series A and Series B Preferred Stock for the last preceding dividend period.

The Series A and Series B preferred stock are not subject to any mandatory redemption, sinking fund, retirement fund, purchase fund or similar provisions. The Company may, at its option, redeem the Series A preferred stock, (a) in whole but not in part, at any time, within 90 days after the occurrence of a "rating agency event," at a redemption price equal to \$1,020 per share, plus an amount equal to any dividends per share of preferred stock that have accrued but not been declared and paid for the then-current dividend period to, but excluding, the redemption date and (b) (i) in whole but not in part, at any time within 90 days after the occurrence of a "regulatory capital event" or (ii) in whole or in part, from time to time, on September 15, 2023 or any subsequent "reset date," in each case, at a redemption price equal to \$1,000 per share of preferred stock, plus an amount equal to any dividends per share of preferred stock that have accrued but not been declared and paid for the then-current dividend

period to, but excluding, such redemption date. The Company may, at its option, redeem the Series B preferred stock, (a) in whole but not in part, at any time, within 90 days after the occurrence of a "rating agency event," at a redemption price equal to \$1,020 per share (equivalent to \$25.50 per Depositary Share), plus an amount equal to any accrued and unpaid dividends per share that have accrued but not been declared and paid for the then-current dividend period, but excluding, such redemption date and (b) (i) in whole but not in part, at any time, within 90 days after the occurrence of a "regulatory capital event," or (ii) in whole or in part, from time to time, on September 15, 2029 or any reset date, in each case, at a redemption price equal to \$1,000 per share of the Series B preferred stock (equivalent to \$25.00 per Depositary Share), plus an amount equal to any accrued and unpaid dividends per share that have accrued but not been declared and paid for the then-current dividend period to, but excluding, such redemption date.

A "rating agency event" means that any nationally recognized statistical rating organization that then publishes a rating for the Company amends, clarifies or changes the criteria it uses to assign equity credit to securities like the preferred stock, which results in the lowering of the equity credit assigned to the preferred stock, as applicable, or shortens the length of time that the preferred stock is assigned a particular level of equity credit.

A "regulatory capital event" means that the Company becomes subject to capital adequacy supervision by a capital regulator and the capital adequacy guidelines that apply to the Company as a result of being so subject set forth criteria pursuant to which the preferred stock would not qualify as capital under such capital adequacy guidelines, as the Company may determine at any time, in its sole discretion.

As of December 31, 2021 and December 31, 2020, there were 100,000,000 shares of preferred stock authorized. Preferred stock issued and outstanding are as follows:

Series	Year Ended December 31, 2021		Year Ended December 31, 2020	
	Issued	Outstanding	Issued	Outstanding
6.125% Non-cumulative Preferred Stock, Series A	325,000	325,000	325,000	325,000
5.35% Non-cumulative Preferred Stock, Series B	300,000	300,000	300,000	300,000
Total	625,000	625,000	625,000	625,000

The declaration of dividends on preferred stock per share and in the aggregate were as follows for the periods indicated:

Year Ended:	Series A		Series B	
	Per Share	Aggregate	Per Share	Aggregate
December 31, 2021	\$ 61.25	\$ 20	\$ 53.50	\$ 16
December 31, 2020	61.25	20	53.50	16
December 31, 2019	61.76	20	26.30	8

As of December 31, 2021, there were no preferred stock dividends in arrears.



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**13. Earnings per Common Share**

The following table presents a reconciliation of Net income (loss) and shares used in calculating basic and diluted net income (loss) per common share for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>(in millions, except for per share data)</i>			
<i>Earnings</i>			
Net income (loss) available to common shareholders			
Income (loss) from continuing operations	\$ 2,875	\$ 370	\$ 791
Less: Preferred stock dividends	36	36	28
Less: Net income (loss) attributable to noncontrolling interest	761	157	50
Income (loss) from continuing operations available to common shareholders	2,078	177	713
Income (loss) from discontinued operations, net of tax	12	(419)	(1,101)
Net income (loss) available to common shareholders	<u>\$ 2,090</u>	<u>\$ (242)</u>	<u>\$ (388)</u>
<i>Weighted-average common shares outstanding</i>			
Basic	116.7	127.4	141.0
Dilutive Effects: <sup>(1)</sup>			
Warrants	6.7	1.7	2.1
RSUs	1.0	0.9	1.4
PSU awards	0.7	1.4	1.9
Stock Options	0.7	0.5	0.6
Diluted	<u>125.8</u>	<u>131.9</u>	<u>147.0</u>
<i>Basic<sup>(2)</sup></i>			
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	\$ 17.81	\$ 1.39	\$ 5.06
Income (loss) from discontinued operations, net of taxes available to Voya Financial, Inc.'s common shareholders	\$ 0.10	\$ (3.29)	\$ (7.81)
Income (loss) available to Voya Financial, Inc.'s common shareholders	\$ 17.92	\$ (1.90)	\$ (2.75)
<i>Diluted<sup>(2)</sup></i>			
Income (loss) from continuing operations available to Voya Financial, Inc.'s common shareholders	\$ 16.52	\$ 1.34	\$ 4.85
Income (loss) from discontinued operations, net of taxes available to Voya Financial, Inc.'s common shareholders	\$ 0.10	\$ (3.18)	\$ (7.49)
Income (loss) available to Voya Financial, Inc.'s common shareholders	\$ 16.61	\$ (1.84)	\$ (2.64)

<sup>(1)</sup> For the years ended December 31, 2020 and December 31, 2019, weighted average shares used for calculating earnings per share excludes the impact of forward contracts related to the share repurchase agreement entered into on December 28, 2020 and December 19, 2019, respectively, as the inclusion of these instruments would be antidilutive to the earnings per share calculation. For more information on the share repurchase agreement, see the *Shareholders' Equity* Note to these Consolidated Financial Statements.

<sup>(2)</sup> Basic and diluted earnings per share are calculated using unrounded, actual amounts. Therefore, the components of earnings per share may not sum to its corresponding total.

**14. Insurance Subsidiaries**

*Principal Insurance Subsidiaries Statutory Equity and Income*

Each of Voya Financial, Inc.'s two principal insurance subsidiaries (the "Principal Insurance Subsidiaries") is subject to minimum risk-based capital ("RBC") requirements established by the insurance departments of their respective states of domicile. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of total adjusted capital ("TAC"), as defined by the National Association of Insurance Commissioners ("NAIC"), to authorized control level RBC, as defined by the NAIC. Each of the Company's Principal Insurance Subsidiaries exceeded the minimum RBC requirements that would require any regulatory or corrective action for all periods presented herein.

The Company's Principal Insurance Subsidiaries are each required to prepare statutory financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of its respective state of domicile. Such statutory accounting practices primarily differ from U.S. GAAP by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities and contract owner account balances using different actuarial assumptions as well as valuing investments and certain assets and accounting for deferred taxes on a different basis. Certain assets that are not admitted under statutory accounting principles are charged directly to surplus. Depending on the regulations of the insurance department of an insurance company's state of domicile, the entire amount or a portion of an insurance company's asset balance can be non-admitted based on the specific rules regarding admissibility. For the years ended December 31, 2021, 2020 and 2019, the Principal Insurance Subsidiaries have no prescribed or permitted practices that materially impact total capital and surplus.

Statutory Net income (loss) for the years ended December 31, 2021, 2020 and 2019 and statutory capital and surplus as of December 31, 2021 and 2020 of the Company's Principal Insurance Subsidiaries are as follows:

<b>Subsidiary Name (State of Domicile):</b>	<b>Statutory Net Income (Loss)</b>			<b>Statutory Capital and Surplus</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2020</b>
Voya Retirement Insurance and Annuity Company ("VRIAC") (CT) .....	\$ 794	\$ 299	\$ 325	\$ 2,232	\$ 2,040
ReliaStar Life Insurance Company ("RLI") (MN) .....	(1,211)	205	35	1,782	1,596

All of the Company's Principal Insurance Subsidiaries have capital and surplus levels that exceed their respective regulatory minimum requirements.

*Insurance Subsidiaries Dividend Restrictions*

The states in which the insurance subsidiaries of Voya Financial, Inc. are domiciled impose certain restrictions on the subsidiaries' ability to pay dividends to their parent. 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.

Under the insurance laws applicable to Voya Financial, Inc.'s insurance subsidiaries domiciled in Connecticut 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 (i) 10% of the insurer's policyholder surplus as of the preceding December 31, or (ii) the insurer's net gain from operations for the twelve-month period ending the preceding December 31, in each case determined in accordance with statutory accounting principles. In addition, under the insurance laws of Connecticut and Minnesota, no dividend or other distribution exceeding an amount equal to a domestic insurance company's earned surplus may be paid without the domiciliary insurance regulator's prior approval.

The Company's Principal Insurance Subsidiary domiciled in Connecticut has created ordinary dividend capacity in 2021. However, as a result of the extraordinary dividends it paid in 2015, 2016 and 2017, together with deferred gains on reinsurance in connection with historical recaptures and cessions of term life insurance business including the recent Individual Life

Transaction, the Company's Principal Insurance Subsidiary domiciled in Minnesota currently has negative earned surplus and cannot make ordinary dividend payments. Any extraordinary dividend payment would be subject to domiciliary insurance regulatory approval, which can be granted or withheld at the discretion of the regulator.

*Principal Insurance Subsidiaries - Dividends and Return of Capital*

The following table summarizes dividends permitted to be paid by the Company's Principal Insurance Subsidiaries to Voya Financial, Inc. or Voya Holdings without the need for insurance regulatory approval and dividends and extraordinary distributions paid by each of the Company's Principal Insurance Subsidiaries to its parent for the periods indicated:

<b>Subsidiary Name (State of domicile):</b>	<b>Dividends Permitted without Approval</b>		<b>Dividends Paid</b>		<b>Extraordinary Distributions Paid</b>	
			<b>Year Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Voya Retirement Insurance and Annuity Company (CT) .....	\$ 522	\$ 372	\$ 78	\$ 294	\$ 474	\$ —
ReliaStar Life Insurance Company (MN) .....	—	—	—	—	358	—

As of December 31, 2021, the Company has no remaining captive reinsurance subsidiaries.

**15. Employee Benefit Arrangements**

*Pension, Other Postretirement Benefit Plans and Other Benefit Plans*

Voya Financial, Inc.'s subsidiaries maintain both qualified and non-qualified defined benefit pension plans (the "Plans"). These plans generally cover all employees and certain sales representatives who meet specified eligibility requirements. Pension benefits are based on a formula using compensation and length of service. Annual contributions are paid to the Plans at a rate necessary to adequately fund the accrued liabilities of the Plans calculated in accordance with legal requirements. The Plans comply with applicable regulations concerning investments and funding levels.

The Voya Retirement Plan (the "Retirement Plan") is a tax qualified defined benefit plan, the benefits of which are guaranteed (within certain specified legal limits) by the Pension Benefit Guaranty Corporation ("PBGC"). Beginning January 1, 2012, the Retirement Plan adopted a cash balance pension formula instead of a final average pay ("FAP") formula, allowing all eligible employees to participate in the Retirement Plan. Participants earn an annual credit equal to 4% of eligible compensation. Interest is credited monthly based on a 30-year U.S. Treasury securities bond rate published by the Internal Revenue Service in the preceding August of each year. The accrued vested cash pension balance benefit is portable; participants can take it if they leave the Company.

In addition to providing qualified retirement benefit plans, the Company provides certain supplemental retirement benefits to eligible employees, non-qualified pension plans for insurance sales representatives who have entered into a career agent agreement and certain other individuals. These plans are non-qualified defined benefit plans, which means all benefits are payable from the general assets of the sponsoring company.

The Company also offers deferred compensation plans for eligible employees, including eligible career agents and certain other individuals who meet the eligibility criteria. The Company's deferred compensation commitment for employees is recorded on the Consolidated Balance Sheets in Other liabilities and totaled \$318 and \$350 as of December 31, 2021 and 2020, respectively. Voya Financial, Inc.'s subsidiaries also provide other postretirement and post-employment benefits to certain employees. These are primarily postretirement healthcare and life insurance benefits to retired employees and other eligible dependents and post-employment/pre-retirement plans provided to employees and former employees. The Company's other postretirement benefit obligation and unfunded status totaled \$14 and \$18 as of December 31, 2021 and 2020, respectively. Additionally, net periodic benefit for other postretirement benefits totaled \$3, \$1 and \$2 for the years ended December 31, 2021, 2020 and 2019, respectively.

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*Obligations, Funded Status and Net Periodic Benefit Costs*

The Company's Retirement Plan was fully funded in compliance with Employee Retirement Income Security Act ("ERISA") guidelines as of December 31, 2021, which is tested annually subsequent to this filing. The following tables summarize a reconciliation of beginning and ending balances of the benefit obligation and fair value of plan assets for the years ended December 31, 2021 and 2020 and the discount rate and interest credit rate used in determining pension benefit obligations as of December 31, 2021 and 2020 as well as the funded status of the Company's Plans as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
<b>Change in benefit obligation:</b>		
Benefit obligations, January 1	\$ 2,596	\$ 2,410
Service cost	27	24
Interest cost	68	79
Net actuarial (gains) losses <sup>(1)</sup>	(80)	189
Benefits paid	(114)	(106)
(Gain) loss recognized due to curtailment	(1)	—
Benefit obligations, December 31 <sup>(2)</sup>	<u>2,496</u>	<u>2,596</u>
Discount rate	3.00 %	2.67 %
Interest credit rate	2.80 %	2.80 %
<b>Change in plan assets:</b>		
Fair value of plan net assets, January 1	2,251	1,960
Actual return on plan assets	78	312
Employer contributions	68	85
Benefits paid	(114)	(106)
Fair value of plan net assets, December 31 <sup>(3)</sup>	<u>2,283</u>	<u>2,251</u>
<b>Unfunded status at end of year <sup>(4)</sup></b>	<u>\$ (213)</u>	<u>\$ (345)</u>

<sup>(1)</sup> Includes actuarial gain of \$(102) and a loss of \$208 due to change in discount rate for the year ended December 31, 2021 and 2020, respectively. The discount rate increased 0.33% during 2021 driven by an increase in the 30-year Treasury and corporate AA yields. The discount rate decreased 0.69% during 2020 driven by a decrease in the 30-year Treasury and corporate AA yields.

<sup>(2)</sup> Includes Retirement Plan benefit obligations of \$2,051 and \$2,132 as of December 31, 2021 and 2020, respectively, and non-qualified plan benefit obligations of \$445 and \$464 as of December 31, 2021 and 2020, respectively.

<sup>(3)</sup> Represents Retirement Plan Assets.

<sup>(4)</sup> Funded status is not indicative of the Company's ability to pay ongoing pension benefits or of its obligation to fund retirement trusts. Required pension funding for qualified plans is determined in accordance with ERISA regulations. As of December 31, 2021 and 2020, funded status of the Retirement Plan was \$231 and \$118, representing fair value of plan net assets in excess of benefit obligations.

In determining the discount rate assumption, the Company utilizes current market information provided by its plan actuaries including discounted cash flow analyses of the Company's pension and general movements in the current market environment. The discount rate modeling process involves selecting a portfolio of high quality, noncallable bonds that will match the cash flows of the pension plans.

The following table summarizes amounts related to the Plans recognized on the Consolidated Balance Sheets as of December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
<b>Amounts recognized in the Consolidated Balance Sheets consist of:</b>		
Accrued benefit cost	\$ (213)	\$ (345)
<b>Net amount recognized</b>	<u>\$ (213)</u>	<u>\$ (345)</u>

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There were no amounts related to the Plans recognized in accumulated other comprehensive income as of December 31, 2021 and 2020.

The following table summarizes information for the Plans with a projected benefit obligation and an accumulated benefit obligation in excess of plan assets as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Projected benefit obligation .....	\$ 2,496	\$ 2,596
Accumulated benefit obligation .....	2,486	2,587
Fair value of plan assets .....	2,283	2,251

*Components of Net Periodic Benefit Cost*

The components of net periodic benefit costs recognized in Operating expenses in the Consolidated Statements of Operations, weighted-average assumptions used in determining net benefit cost of the Plans and other changes in plan assets and benefit obligations recognized in Other comprehensive income (loss) related to the Plans were as follows for the years ended December 31, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Net Periodic (Benefit) Costs Recognized in Consolidated Statements of Operations:</b>			
Service cost .....	\$ 27	\$ 24	\$ 24
Interest cost .....	68	79	92
Expected return on plan assets .....	(126)	(122)	(113)
(Gain) loss recognized due to curtailment .....	(1)	—	1
Net (gain) loss recognition .....	(32)	(2)	(4)
Net periodic (benefit) costs .....	<u>(64)</u>	<u>(21)</u>	<u>—</u>
Discount rate .....	2.67 %	3.36 %	4.37 %
Expected rate of return on plan assets .....	5.60 %	6.25 %	6.75 %
Interest credit rate .....	2.80 %	3.25 %	3.25 %
<b>Other Changes in Plan Assets and Benefit Obligations Recognized in AOCI:</b>			
(Credit) cost recognized due to curtailment .....	—	—	(1)
Total recognized in AOCI .....	<u>—</u>	<u>—</u>	<u>(1)</u>
Total recognized in net periodic (benefit) costs and AOCI ..	<u>\$ (64)</u>	<u>\$ (21)</u>	<u>\$ (1)</u>

The expected return on plan assets is updated at least annually using the calculated value approach, taking into consideration the Retirement Plan's asset allocation, historical returns on the types of assets held in the Retirement Plan's portfolio of assets ("the Fund") and the current economic environment. Based on these factors, it is expected that the Fund's assets will earn an average percentage per year over the long term. This estimation is based on an active return on a compound basis, with a reduction for administrative expenses and non-Voya investment manager fees paid from the Fund. For estimation purposes, it is assumed the long-term asset mix will be consistent with the current mix. Changes in the asset mix could impact the amount of recorded pension income or expense, the funded status of the Plan, and the need for future cash contributions.

*Plan Assets*

The Retirement Plan is the only defined benefit plan with plan assets in a trust. The primary financial objective of the Retirement Plan is to secure participant retirement benefits. As such, the key objective in the Retirement Plan's financial management is to promote stability and, to the extent appropriate, growth in funded status (i.e. the ratio of market value of assets to liabilities). The investment strategy for the Fund balances the requirement to generate returns with the need to control

risk. The asset mix is recognized as the primary mechanism to influence the reward and risk structure of the Fund in an effort to accomplish the Retirement Plan's funding objectives. Desirable target allocations amongst identified asset classes are set and, within each asset class, careful consideration is given to balancing the portfolio among industry sectors, geographies, interest rate sensitivity, economic growth, currency and other factors affecting investment returns. The assets are managed by professional investment firms. They are bound by mandates and are measured against benchmarks. Consideration is given to balancing security concentration, investment style and reliance on particular active investment strategies, among other factors. The Company reviews its asset mix of the Fund on a regular basis. Generally, the pension committee of the Company will rebalance the Fund's asset mix to the target mix as individual portfolios approach their minimum or maximum levels. However, the Company has the discretion to deviate from these ranges or to manage investment performance using different criteria.

Derivative contracts may be used for hedging purposes to reduce the Retirement Plan's exposure to interest rate risk. Treasury futures are used to manage the interest rate risk in the Retirement Plan's fixed maturity portfolio. The derivatives do not qualify for hedge accounting.

The following table summarizes the Company's pension plan's target allocation range and actual asset allocation by asset category as of December 31, 2021 and 2020:

	<b>Actual Asset Allocation</b>	
	<b>2021</b>	<b>2020</b>
<b>Equity securities:</b>		
<i>Target allocation range</i> .....	5%-15%	14%-40%
Large-cap domestic .....	4.0 %	13.9 %
Small/Mid-cap domestic .....	0.9 %	3.6 %
International commingled funds .....	2.9 %	9.6 %
Limited Partnerships .....	0.7 %	0.7 %
Total equity securities .....	8.5 %	27.8 %
<b>Fixed maturities:</b>		
<i>Target allocation range</i> .....	75%-95%	54%-82%
U.S. Treasuries, short term investments, cash and futures .....	0.6 %	3.1 %
U.S. Government agencies and authorities .....	8.7 %	8.4 %
U.S. corporate, state and municipalities .....	75.6 %	53.1 %
Total fixed maturities .....	84.9 %	64.6 %
<b>Other investments:</b>		
<i>Target allocation range</i> .....	0%-10%	6%-14%
Hedge funds .....	3.5 %	3.7 %
Real estate .....	3.1 %	3.9 %
Total other investments .....	6.6 %	7.6 %
Total .....	100.0 %	100.0 %

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The following table summarizes the fair values of the pension plan assets by asset class as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<b>Assets</b>					
Fixed maturities, short-term investments and cash:					
Cash and cash equivalents	\$ 13	\$ —	\$ —	\$ —	\$ 13
Short-term investments	100	80	—	—	180
Short-term investment fund <sup>(1)</sup>	—	—	—	79	79
U.S. Government securities	242	—	—	—	242
U.S. corporate, state and municipalities	—	1,402	10	—	1,412
<b>Total fixed maturities</b>	<b>355</b>	<b>1,482</b>	<b>10</b>	<b>79</b>	<b>1,926</b>
Equity securities:					
<b>Total equity securities<sup>(2)</sup></b>	<b>32</b>	<b>88</b>	<b>—</b>	<b>84</b>	<b>204</b>
Other investments:					
<b>Total other investments<sup>(3)</sup></b>	<b>5</b>	<b>—</b>	<b>—</b>	<b>147</b>	<b>152</b>
<b>Total Assets</b>	<b>\$ 392</b>	<b>\$ 1,570</b>	<b>\$ 10</b>	<b>\$ 310</b>	<b>\$ 2,282</b>

<sup>(1)</sup> This category includes common collective trust funds a short-term investment fund, which invests in a full range of high-quality, short-term money market securities. Participant's redemptions are processed by the following day.

<sup>(2)</sup> Equity securities include two assets that use NAV to calculate fair value. Baillie Gifford Funds has a balance of \$33 and uses a bottom up approach to stock picking. In determining the potential of a company, the fund manager analyzes industry background, competitive advantage, management attitudes and financial strength and valuation. There are no redemption restrictions in the Baillie Gifford Funds. Silchester has a fund balance of \$33 that has an investment objective to achieve long-term growth primarily by investing in a diversified portfolio of equity securities of companies located in any country other than the United States. Contributions and redemptions are conducted on a monthly basis as of the last business day of each month with notice required, at least six business days before the month-end. Baillie Gifford and Silchester, as a normal course of business, enter into contracts (commitments) that contain indemnifications or warranties. The funds' maximum exposure under these arrangements is unknown, as this would involve future claims that have not yet occurred. Baillie Gifford and Silchester have no unfunded commitments.

<sup>(3)</sup> Other investments that use NAV to calculate fair value includes a real estate fund has a balance of \$76 and is an actively managed core portfolio of equity real estate, whose performance objective is to outperform the National Council of Real Estate investment Fiduciaries Open-End Diversified Core ("NFI\_ODCE") index and to achieve at least a 5.0% real rate of return (i.e., inflation-adjusted return), before advisory fees, over any given three-to-five-year period. Redemptions of All or a portion of an investor's units may be redeemed as of the end of a calendar quarter with at least 60 days notice. Other investments also includes a limited partnership with a balance of \$71 and is designed to realize appreciation in value primarily through the allocation of capital directly and indirectly among investment funds and accounts. There are significant redemption restrictions in the limited partnership fund.

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The following table summarizes the fair values of the pension plan assets by asset class as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<b>Assets</b>					
Fixed maturities, short term investments and cash:					
Cash and cash equivalents .....	\$ 19	\$ —	\$ —	\$ —	\$ 19
Short-term investments .....	—	—	—	—	—
Short-term investment fund <sup>(1)</sup> .....	—	—	—	48	48
U.S. Government securities .....	186	—	—	—	186
U.S. corporate, state and municipalities .....	—	1,157	15	—	1,172
Total fixed maturities .....	<u>205</u>	<u>1,157</u>	<u>15</u>	<u>48</u>	<u>1,425</u>
Equity securities:					
Total equity securities <sup>(2)</sup> .....	<u>79</u>	<u>307</u>	<u>—</u>	<u>274</u>	<u>660</u>
Other investments:					
Total other investments <sup>(3)</sup> .....	<u>—</u>	<u>—</u>	<u>—</u>	<u>166</u>	<u>166</u>
Total assets .....	<u>\$ 284</u>	<u>\$ 1,464</u>	<u>\$ 15</u>	<u>\$ 488</u>	<u>\$ 2,251</u>

<sup>(1)</sup> See footnote 1 to previous table.

<sup>(2)</sup> Equity securities include two assets that use NAV to calculate fair value. Baillie Gifford Funds has a balance of \$119 and Silchester has a fund balance of \$132. See footnote 2 to previous table for further information.

<sup>(3)</sup> Other investments that use NAV to calculate fair value includes a real estate fund has a balance of \$78 and a limited partnership with a balance of \$88. See footnote 3 to previous table for further information.

Pension plan assets are categorized into a three-level fair value hierarchy based upon the inputs available in evaluating each of the assets. Certain investments are measured at fair value using the NAV per share as a practical expedient and have not been classified in the fair value hierarchy. The leveling hierarchy is applied to the pension plans assets as follows:

- *Cash and cash equivalents:* The carrying amounts for cash and cash equivalents reflect the assets' fair value. The fair values for cash and cash equivalents are determined based on quoted market prices and are classified as Level 1.
- *Short-term Investment Funds:* Short term investment funds are estimated at NAV. See footnote (1) in fair value hierarchy table above for a description of the fund's redemption policies.
- *U.S. Government securities, corporate bonds and notes and foreign securities:* Fair values for actively traded marketable bonds are determined based upon quoted market prices and are classified as Level 1 assets. Corporate bonds, ABS, U.S. agency bonds, and foreign securities use observable pricing method such as matrix pricing, market corroborated pricing or inputs such as yield curves and indices. These investments are classified as Level 2.
- *Equity securities:* Fair values for actively traded equity securities are based upon a quoted market price determined in an active market and are included in Level 1. Collective trust use observable pricing method such as matrix pricing, market corroborated pricing or inputs such as yield curves and indices. These investments are classified as Level 2. Commingled funds are estimated at NAV per share. See footnote (2) in fair value hierarchy table above for a description of the fund's redemption policies.
- *Other investments:* Other investments are estimated at NAV. See footnote (3) in fair value hierarchy table above for more information.



*Expected Future Contributions and Benefit Payments*

The following table summarizes the expected benefit payments for the Company's pension plans to be paid for the years indicated:

2022	\$	130
2023		132
2024		134
2025		137
2026		138
2027-2031		714

The Company expects that it will make a cash contribution of approximately \$26 to the Plans in 2022.

*Defined Contribution Plans*

Certain of the Company's subsidiaries sponsor defined contribution plans. The largest defined contribution plan is the Voya 401(k) Savings Plan (the "Savings Plan"). The assets of the Savings Plan are held in independently administered funds. Substantially all employees of the Company are eligible to participate, other than the Company's agents. The Savings Plan is a tax qualified defined contribution plan. Savings Plan benefits are not guaranteed by the PBGC. The Savings Plan allows eligible participants to defer into the Savings Plan a specified percentage of eligible compensation on a pretax basis. The Company matches such pretax contributions, up to a maximum of 6% of eligible compensation, subject to IRS limits. Matching contributions are subject to a 4-year graded vesting schedule. Contributions made to the Savings Plan are subject to certain limits imposed by applicable law. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in Other liabilities. The amount of cost recognized for the defined contribution pension plans for the years ended December 31, 2021, 2020 and 2019 was \$36, \$37 and \$35, respectively, and is recorded in Operating expenses in the Consolidated Statements of Operations.

**16. Accumulated Other Comprehensive Income (Loss)**

Shareholders' equity included the following components of Accumulated Other Comprehensive Income ("AOCI") as of the dates indicated:

	<b>December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Fixed maturities, net of impairment	\$ 3,196	\$ 8,613	\$ 5,546
Derivatives <sup>(1)</sup>	79	76	145
DAC/VOBA adjustment on available-for-sale securities	(768) <sup>(2)</sup>	(2,071)	(1,498)
Premium deficiency reserve adjustment	(14)	(460)	(249)
Other intangibles adjustment on available-for-sale securities	6	(415)	(185)
Other	—	2	—
Unrealized capital gains (losses), before tax	2,499	5,745	3,759
Deferred income tax asset (liability)	(402)	(852)	(435)
Net unrealized capital gains (losses)	2,097	4,893	3,324
Pension and other postretirement benefits liability, net of tax	3	5	7
AOCI	<u>\$ 2,100</u>	<u>\$ 4,898</u>	<u>\$ 3,331</u>

<sup>(1)</sup> Gains and losses reported in Accumulated Other Comprehensive Income (AOCI) from hedge transactions that resulted in the acquisition of an identified asset are reclassified into earnings in the same period or periods during which the asset acquired affects earnings. As of December 31, 2021, the portion of the AOCI that is expected to be reclassified into earnings within the next 12 months is \$20.

<sup>(2)</sup> In connection with the closing of the Individual Life Transaction on January 4, 2021, the Company released stranded AOCI and reversed unrealized capital gains (losses) on available-for-sale securities associated with DAC for the disposed entities. In addition, the Company released the unrealized gains for the investments transferred associated with the reinsurance transactions entered into at closing.

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Changes in AOCI, including the reclassification adjustments recognized in the Consolidated Statements of Operations were as follows for the periods indicated:

	<b>December 31, 2021</b>		
	<u>Before-Tax Amount</u>	<u>Income Tax</u>	<u>After-Tax Amount</u>
Available-for-sale securities:			
Fixed maturities .....	\$ (3,594)	\$ 525 <sup>(4)</sup>	\$ (3,069)
Other .....	(3)	1	(2)
Adjustments for amounts recognized in Net gains (losses) in the Consolidated Statements of Operations .....	(1,823)	383	(1,440)
DAC/VOBA .....	1,303 <sup>(1)</sup>	(274)	1,029
Premium deficiency reserve adjustment .....	446	(94)	352
Other intangibles .....	420	(88)	332
Change in unrealized gains (losses) on available-for-sale securities .....	<u>(3,251)</u>	<u>453</u>	<u>(2,798)</u>
Derivatives:			
Derivatives .....	24 <sup>(2)</sup>	(5)	19
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Consolidated Statements of Operations .....	(21)	4	(17)
Change in unrealized gains (losses) on derivatives .....	<u>3</u>	<u>(1)</u>	<u>2</u>
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Consolidated Statements of Operations .....	(2) <sup>(3)</sup>	—	(2)
Change in pension and other postretirement benefits liability .....	(2)	—	(2)
Change in Accumulated other comprehensive income (loss) .....	<u>\$ (3,250)</u>	<u>\$ 452</u>	<u>\$ (2,798)</u>

<sup>(1)</sup> See the *Deferred Policy Acquisition Costs and Value of Business Acquired* Note to these Consolidated Financial Statements for additional information.

<sup>(2)</sup> See the *Derivative Financial Instruments* Note to these Consolidated Financial Statements for additional information.

<sup>(3)</sup> See the *Employee Benefit Arrangements* Note to these Consolidated Financial Statements for amounts reported in Net Periodic (Benefit) Costs.

<sup>(4)</sup> The tax effect of \$756 is offset by a (\$231) stranded tax benefit release from AOCI to continuing operations. See the *Income Taxes* Note to these Consolidated Financial Statements for additional information.

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	<b>December 31, 2020</b>		
	<b>Before-Tax Amount</b>	<b>Income Tax</b>	<b>After-Tax Amount</b>
Available-for-sale securities:			
Fixed maturities .....	\$ 3,072	\$ (645)	\$ 2,427
Other .....	2	—	2
Adjustments for amounts recognized in Net gains (losses) in the Consolidated Statements of Operations .....	(4)	1	(3)
DAC/VOBA .....	(573) <sup>(1)</sup>	120	(453)
Premium deficiency reserve adjustment .....	(211)	44	(167)
Other intangibles .....	(230)	48	(182)
Change in unrealized gains (losses) on available-for-sale securities .....	<u>2,056</u>	<u>(432)</u>	<u>1,624</u>
Derivatives:			
Derivatives .....	(45) <sup>(2)</sup>	9	(36)
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Consolidated Statements of Operations .....	(24)	5	(19)
Change in unrealized gains (losses) on derivatives .....	<u>(69)</u>	<u>14</u>	<u>(55)</u>
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Consolidated Statements of Operations .....	(3) <sup>(3)</sup>	1	(2)
Change in pension and other postretirement benefits liability .....	<u>(3)</u>	<u>1</u>	<u>(2)</u>
Change in Accumulated other comprehensive income (loss) .....	<u>\$ 1,984</u>	<u>\$ (417)</u>	<u>\$ 1,567</u>

<sup>(1)</sup> See the *Deferred Policy Acquisition Costs and Value of Business Acquired* Note to these Consolidated Financial Statements for additional information.

<sup>(2)</sup> See the *Derivative Financial Instruments* Note to these Consolidated Financial Statements for additional information.

<sup>(3)</sup> See the *Employee Benefit Arrangements* Note to these Consolidated Financial Statements for amounts reported in Net Periodic (Benefit) Costs.

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	<b>December 31, 2019</b>		
	<b>Before-Tax Amount</b>	<b>Income Tax</b>	<b>After-Tax Amount</b>
Available-for-sale securities:			
Fixed maturities .....	\$ 4,451	\$ (936)	\$ 3,515
Other .....	—	—	—
Adjustments for amounts recognized in Net gains (losses) in the Consolidated Statements of Operations .....	21	(4)	17
DAC/VOBA .....	(1,118) <sup>(1)</sup>	235	(883)
Premium deficiency reserve adjustment .....	(192)	40	(152)
Other intangibles .....	(121)	25	(96)
Change in unrealized gains (losses) on available-for-sale securities .....	<u>3,041</u>	<u>(640)</u>	<u>2,401</u>
Derivatives:			
Derivatives .....	— <sup>(2)</sup>	—	—
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Consolidated Statements of Operations .....	(25)	5	(20)
Change in unrealized gains (losses) on derivatives .....	<u>(25)</u>	<u>5</u>	<u>(20)</u>
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Consolidated Statements of Operations .....	(4) <sup>(3)</sup>	4	—
Change in pension and other postretirement benefits liability .....	<u>(4)</u>	<u>4</u>	<u>—</u>
Change in Accumulated other comprehensive income (loss) .....	<u>\$ 3,012</u>	<u>\$ (631)</u>	<u>\$ 2,381</u>

<sup>(1)</sup> See the *Deferred Policy Acquisition Costs and Value of Business Acquired* Note to these Consolidated Financial Statements for additional information.

<sup>(2)</sup> See the *Derivative Financial Instruments* Note to these Consolidated Financial Statements for additional information.

<sup>(3)</sup> See the *Employee Benefit Arrangements* Note to these Consolidated Financial Statements for amounts reported in Net Periodic (Benefit) Costs.

**17. Income Taxes**

Income tax expense (benefit) consisted of the following for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Current tax expense (benefit):			
Federal .....	\$ (463)	\$ (9)	\$ 100
State .....	19	—	1
Total current tax expense (benefit) .....	<u>(444)</u>	<u>(9)</u>	<u>101</u>
Deferred tax expense (benefit):			
Federal .....	392	(12)	(321)
State .....	(46)	3	3
Total deferred tax expense (benefit) .....	<u>346</u>	<u>(9)</u>	<u>(318)</u>
Total income tax expense (benefit) .....	<u>\$ (98)</u>	<u>\$ (18)</u>	<u>\$ (217)</u>

Income taxes were different from the amount computed by applying the federal income tax rate to Income (loss) before income taxes for the following reasons for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Income (loss) before income taxes .....	\$ 2,777	\$ 352	\$ 574
Tax Rate .....	<u>21.0 %</u>	<u>21.0 %</u>	<u>21.0 %</u>
Income tax expense (benefit) at federal statutory rate .....	583	74	121
Tax effect of:			
Valuation allowance .....	(521)	(26)	(259)
Dividends received deduction .....	(34)	(39)	(37)
State tax expense (benefit) .....	37	16	1
Noncontrolling interest .....	(161)	(33)	(10)
Tax credits .....	(14)	(11)	(33)
Nondeductible expenses .....	5	1	1
Other .....	7	—	(1)
Income tax expense (benefit) .....	<u>\$ (98)</u>	<u>\$ (18)</u>	<u>\$ (217)</u>
Effective tax rate .....	<u>(3.5)%</u>	<u>(5.1)%</u>	<u>(37.8)%</u>

**Temporary Differences**

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities were as follows as of the dates indicated:

	December 31,	
	2021	2020
<b>Deferred tax assets</b>		
Federal and state loss carryforwards	\$ 1,542	\$ 2,116
Investments	102	57
Insurance reserves	—	98
Compensation and benefits	240	261
Deferred policy acquisition costs	—	45
Other assets	105	120
Total gross assets before valuation allowance	1,989	2,697
Less: Valuation allowance	63	353
Assets, net of valuation allowance	1,926	2,344
<b>Deferred tax liabilities</b>		
Net unrealized investment gains	(687)	(1,151)
Insurance reserves	(46)	—
Deferred policy acquisition costs	(200)	—
Other liabilities	(7)	(7)
Total gross liabilities	(940)	(1,158)
Net deferred income tax asset (liability)	\$ 986	\$ 1,186

The following table sets forth the federal, state and capital loss carryforwards for tax purposes as of the dates indicated:

	December 31,	
	2021	2020
Federal net operating loss carryforward	\$ 6,955 <sup>(1)</sup>	\$ 9,453
State net operating loss carryforward	1,893 <sup>(2)</sup>	2,825
Federal tax capital loss carryforward	—	17
Credit carryforward	40 <sup>(3)</sup>	86

<sup>(1)</sup> Approximately \$4,022 of the net operating losses carryforwards ("NOL") not subject to expiration. \$2,933 of the NOLs expire between 2025 and 2037.

<sup>(2)</sup> Approximately \$332 of the NOLs not subject to expiration. \$1,561 of the NOLs expire between 2022 and 2042.

<sup>(3)</sup> Expires between 2032 and 2041.

Valuation allowances are provided when it is considered more likely than not that some portion or all of the deferred tax assets ("DTAs") will not be realized. As of December 31, 2021 and 2020, the Company had a total valuation allowance of \$63 and \$353, respectively. As of December 31, 2021 and 2020, \$186 and \$707, respectively, of this valuation allowance was allocated to continuing operations, and \$(123) and \$(354) allocated to Other comprehensive income (loss) related to realized and unrealized capital losses, respectively.

Significant judgement is required to evaluate the need for a valuation allowance against DTAs. Realization of DTAs is dependent upon future taxable earnings in applicable tax jurisdictions. The Company reviews all available positive and negative evidence, including historical and projections of pre-tax book income, tax planning strategies which are both prudent and feasible and reversals of temporary differences.

Prior to 2021, due to its substantial operating losses and earnings volatility in previous years, the Company had established and maintained a valuation allowance on the portion of its DTAs that exceeded its projections of future taxable earnings.

For the year ended December 31, 2021, the Company determined positive evidence exceeded negative evidence that all of its federal and certain state DTAs would be realized. Positive evidence included the Company achieving substantial cumulative income over the most recent three-year period, utilizing significant DTAs resulting in the remaining attributes having long carryforward periods and reducing risk in its business model by closing the Individual Life Transaction. Additionally, the Company is projecting increased future taxable earnings, supporting the use of all federal and certain state DTAs prior to expiration.

The Company recorded a valuation allowance release of \$290, which was allocated to continuing operations. Additionally, due to the Individual Life Transaction, the Company recorded a release of \$231 of a stranded tax benefit allocated to continuing operations from Accumulated Other Comprehensive Income. The total release allocated to continuing operations was \$521.

The valuation allowance as of December 31, 2021 of \$63 was against certain historic state net operating losses that were below more likely than not to be utilized. The Company will continue to assess all available evidence during future periods to evaluate any changes to the realization of these DTAs.

***Unrecognized Tax Benefits***

Reconciliations of the change in the unrecognized income tax benefits were as follows for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Balance at beginning of period	\$ 33	\$ 32	\$ 33
Additions for tax positions related to current year	1	1	1
Additions for tax positions related to prior years	—	—	—
Reductions for tax positions related to prior years	—	—	(2)
Reductions for settlements with taxing authorities	—	—	—
Reductions for expiring statutes	—	—	—
Balance at end of period	<u>\$ 34</u>	<u>\$ 33</u>	<u>\$ 32</u>

The Company had \$1, \$1, and \$1 of unrecognized tax benefits as of December 31, 2021, 2020 and 2019, respectively, which would affect the Company's effective rate if recognized.

***Interest and Penalties***

The Company recognizes interest expense and penalties, if applicable, related to unrecognized tax benefits in tax expense net of federal income tax. The total amounts of gross accrued interest and penalties on the Company's Consolidated Balance Sheets as of December 31, 2021 and 2020 were immaterial. The Company recognized no gross interest (benefit) related to unrecognized tax in its Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019.

The timing of the payment of the remaining accrued interest and penalties cannot be reasonably estimated.

***Tax Regulatory Matters***

For the tax years 2019 through 2021, the Company participated in the Internal Revenue Service ("IRS") Compliance Assurance Process ("CAP"), which is a continuous audit program provided by the IRS. For the 2019 and 2020 tax years, the Company was in the Compliance Maintenance Bridge ("Bridge") phase of CAP. In the Bridge phase, the IRS did not conduct any review or provide any letters of assurance for those tax years.

## 18. Financing Agreements

### *Short-term Debt*

As of December 31, 2021 and 2020, the Company had \$1, respectively, of short-term borrowings outstanding consisting entirely of the current portion of long-term debt.

### *Long-term Debt*

The following table summarizes the carrying value of the Company's long-term debt securities issued and outstanding as of December 31, 2021 and 2020:

	<u>Issuer</u>	<u>Maturity</u>	<u>2021</u>	<u>2020</u>
3.125% Senior Notes, due 2024 <sup>(2)(3)</sup>	Voya Financial, Inc.	07/15/2024	—	398
3.65% Senior Notes, due 2026 <sup>(2)(3)</sup>	Voya Financial, Inc.	06/15/2026	445	497
5.7% Senior Notes, due 2043 <sup>(2)(3)</sup>	Voya Financial, Inc.	07/15/2043	395	395
4.8% Senior Notes, due 2046 <sup>(2)(3)</sup>	Voya Financial, Inc.	06/15/2046	297	297
4.7% Fixed-to-Floating Rate Junior Subordinated Notes, due 2048 <sup>(4)</sup>	Voya Financial, Inc.	01/23/2048	345	345
5.65% Fixed-to-Floating Rate Junior Subordinated Notes, due 2053 <sup>(4)</sup>	Voya Financial, Inc.	05/15/2053	740	739
7.25% Voya Holdings Inc. debentures, due 2023 <sup>(1)</sup>	Voya Holdings Inc.	08/15/2023	140	139
7.63% Voya Holdings Inc. debentures, due 2026 <sup>(1)</sup>	Voya Holdings Inc.	08/15/2026	139	138
6.97% Voya Holdings Inc. debentures, due 2036 <sup>(1)</sup>	Voya Holdings Inc.	08/15/2036	79	79
8.42% Equitable of Iowa Companies Capital Trust II Notes, due 2027	Equitable of Iowa Capital Trust II	04/01/2027	13	14
1.00% Windsor Property Loan	Voya Retirement Insurance and Annuity Company	06/14/2027	3	4
Subtotal			<u>2,596</u>	<u>3,045</u>
Less: Current portion of long-term debt			1	1
Total			<u>\$ 2,595</u>	<u>\$ 3,044</u>

<sup>(1)</sup> Guaranteed by ING Group.

<sup>(2)</sup> Interest is paid semi-annually in arrears.

<sup>(3)</sup> Guaranteed by Voya Holdings.

<sup>(4)</sup> See the Junior Subordinated Notes section below.

Unsecured senior debt, which consists of senior fixed rate notes and guarantees of fixed rate notes, ranks highest in priority, followed by subordinated debt, which consists of junior subordinated debt securities.

The aggregate amounts of future principal payments of long-term debt issued by the Company at December 31, 2021 for the next five years and thereafter are \$1 in 2022, \$141 in 2023, \$1 in 2024, \$1 in 2025, \$587 in 2026 and \$1,892 thereafter.

The aggregate amounts of future principal payments of long-term debt issued by Voya Financial, Inc. at December 31, 2021 for the next five years and thereafter are \$0 in 2022, \$0 in 2023, \$0 in 2024, \$0 in 2025, \$447 in 2026 and \$1,800 thereafter.

### *Loss on Debt Extinguishment*

The Company incurred a loss on debt extinguishment of \$31 and \$9 for the years ended December 31, 2021 and 2019, respectively, which was recorded in Interest expense in the Consolidated Statements of Operations. The Company did not incur any loss on debt extinguishment during the year ended December 31, 2020. See *Senior Notes* below for additional detail on debt extinguishment.



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*Senior Notes*

During the year ended December 31, 2021, the Company repurchased \$23 and \$53 par value of its 3.125% Senior Notes, due 2024 (the "2024 Notes") and 3.65% Senior Notes, due 2026, respectively, for \$25 and \$60, respectively, on the open market.

During the year ended December 31, 2021, the Company completed the redemption of the remaining \$377 aggregate principal amount of the 2024 Notes for \$401.

During the year ended December 31, 2019, the Company completed the redemption of the remaining \$97 aggregate principal amount of 5.5% Senior Notes due 2022.

*Junior Subordinated Notes*

Outstanding junior subordinated notes were as follows as of December 31, 2021:

<b>Issuer</b>	<b>Issue Date</b>	<b>Interest Rate<sup>(1)</sup></b>	<b>Scheduled Redemption Date</b>	<b>Interest Rate Subsequent to Scheduled Redemption Date<sup>(2)</sup></b>	<b>Final Maturity Date</b>	<b>Face Value</b>
Voya Financial, Inc.	05/16/2013	5.65 %	05/15/2023	LIBOR + 3.58%	05/15/2053 <sup>(3)</sup>	\$ 750
Voya Financial, Inc.	01/23/2018	4.70 %	01/23/2028	LIBOR + 2.084%	01/23/2048 <sup>(4)</sup>	\$ 350

<sup>(1)</sup> Prior to the scheduled redemption date, interest is paid semi-annually, in arrears.

<sup>(2)</sup> In the event the securities are not redeemed on or before the scheduled redemption date, interest will accrue after such date at an annual rate of three month LIBOR plus the indicated margin, payable quarterly in arrears.

<sup>(3)</sup> The 5.65% Fixed-to-Floating Rate Junior Subordinated Notes due 2053 (the "2053 Notes") are guaranteed on a junior subordinated basis by Voya Holdings.

<sup>(4)</sup> The 4.70% Fixed-to-Floating Rate Junior Subordinated Notes due 2048 (the "2048 Notes") are guaranteed on an unsecured, junior subordinated basis by Voya Holdings.

The Company has the right to defer interest payments on the Junior Subordinated Notes for one or more consecutive interest periods for up to five years, without resulting in a default, during which time interest will be compounded. On or after the optional redemption dates, Voya Financial, Inc. may redeem the Junior Subordinated Notes in whole or in part for the principal amount being redeemed plus accrued and unpaid interest. Prior to the optional redemption dates, the Company may elect to redeem the Junior Subordinated Notes for the principal amount being redeemed upon the occurrence of certain events as defined in the indentures governing the Junior Subordinated Notes, plus accrued and unpaid interest.

At any time following notice of the Company's plan to defer interest and during the period interest is deferred, the Company and its subsidiaries generally, with certain exceptions, may not make payments on or redeem or purchase any shares of the Company's common or preferred stock or any of the debt securities or guarantees that rank in liquidation on a parity with or are junior to the Junior Subordinated Notes.

*Aetna Notes*

ING Group guarantees various debentures of Voya Holdings that were assumed by Voya Holdings in connection with the Company's acquisition of Aetna's life insurance and related businesses in 2000 (the "Aetna Notes"). Concurrent with the completion of the Company's IPO, the Company entered into a shareholder agreement with ING Group that governs certain aspects of the Company's continuing relationship. Pursuant to that agreement, the Company was obligated to reduce the aggregate outstanding principal amount of Aetna Notes to no more than zero as of December 31, 2019 or otherwise to make provision for ING Group's guarantee of any outstanding Aetna Notes in excess of such amounts.

The Company's obligation to ING Group with respect to the Aetna Notes can be met, at the Company's option, through redemptions, repurchases or by posting collateral with a third-party collateral agent, for the benefit of ING Group.

If the Company fails to meet these obligations to ING Group, the Company has agreed to pay a prescribed quarterly fee of 1.25% per quarter to ING Group based on the outstanding principal amount of Aetna Notes for which provision has not been made, in excess of the limits set forth above.

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As of December 31, 2021 and 2020, the outstanding principal amounts of the Aetna Notes were \$358, respectively. As of December 31, 2021 and 2020, the amounts of collateral required to avoid the payment of a fee to ING Group were \$358, respectively. As of December 31, 2021 and 2020, the collateral balance was \$362 and \$373, respectively.

*Put Option Agreement for Senior Debt Issuance*

During 2015, the Company entered into an off-balance sheet 10-year put option agreement with a Delaware trust formed by the Company, in connection with the sale by the trust of pre-capitalized trust securities ("P-Caps"), that provides Voya Financial, Inc. the right, at any time over a 10-year period, to issue up to \$500 principal amount of its 3.976% Senior Notes due 2025 ("3.976% Senior Notes") to the trust and receive in exchange a corresponding principal amount of U.S. Treasury securities that are held by the trust. The 3.976% Senior Notes will not be issued unless and until the put option is exercised. In return, the Company pays 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 reimburses the trust for its expenses. The put premium and expense reimbursements are recorded in Operating expenses in the Consolidated Statements of Operations. If and when issued, the 3.976% Senior Notes will be guaranteed by Voya Holdings.

Upon an event of default, the put option will be exercised automatically in full. The Company has a one-time right to unwind a prior voluntary exercise of the put option by repurchasing all of the 3.976% Senior Notes then held by the trust for U.S. Treasury securities. If the put option has been fully exercised, the 3.976% Senior Notes issued may be redeemed by the Company prior to their maturity at par or, if greater, at a make-whole redemption price, in each case plus accrued and unpaid interest to the date of redemption. The P-Caps are to be redeemed by the trust on February 15, 2025 or upon any early redemption of the 3.976% Senior Notes.

*Credit Facilities*

The Company uses credit facilities as part of its capital management practices. Total fees associated with credit facilities for the years ended 2021, 2020 and 2019 were \$2, \$29 and \$31, respectively.

The following table outlines the Company's credit facilities as of December 31, 2021:

<b>Obligor / Applicant</b>	<b>Secured/ Unsecured</b>	<b>Committed/ Uncommitted</b>	<b>Expiration</b>	<b>Capacity</b>	<b>Utilization</b>	<b>Unused Commitment</b>
Voya Financial, Inc. ....	Unsecured	Committed	11/01/2024	\$ 500	\$ —	\$ 500
Voya Financial, Inc. ....	Unsecured	Committed	04/07/2025	200	163	37
<b>Total</b> .....				<u>\$ 700</u>	<u>\$ 163</u>	<u>\$ 537</u>

*Senior Unsecured Credit Facility*

As of December 31, 2021, the Company had a \$500 senior unsecured credit facility with a syndicate of banks which expires November 1, 2024. The facility provides \$500 of committed capacity for issuing letters of credit and the full \$500 may be utilized for direct borrowings. As of December 31, 2021, there were no amounts outstanding as revolving credit borrowings and no amounts of LOCs outstanding under the senior unsecured credit facility. Under the terms of the facility, the Company is required to maintain a minimum net worth of \$6.15 billion, which may increase upon any future equity issuances by the Company.

## 19. Commitments and Contingencies

### *Leases*

The Company leases its office space and certain equipment under operating leases, the longest term of which expires in 2030. The Company also has currently one finance lease associated with a service contract.

During the year ended December 31, 2021, the Company recorded an impairment of \$17, on its right-of-use asset associated with leased office space, which is included in Operating expenses in the Consolidated Statements of Operations. There was no impairment on the Company's right-of-use asset during the years ended December 31, 2020 and 2019.

For the years ended December 31, 2021, 2020 and 2019, rent expense for leases was \$28, \$35 and \$30, respectively and payments under the finance lease were \$21, \$22 and \$4 respectively. The future net minimum payments under non-cancelable leases are as follows as of December 31, 2021:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2022 .....	33	21
2023 .....	26	2
2024 .....	23	—
2025 .....	15	—
2026 .....	10	—
Thereafter .....	26	—
Total undiscounted lease payments .....	133	23
Less: Imputed interest .....	(6)	(1)
Total Lease liabilities .....	<u>\$ 127</u>	<u>\$ 22</u>

### *Commitments*

Through the normal course of investment operations, the Company commits to either purchase or sell securities, mortgage loans, or money market instruments, at a specified future date and at a specified price or yield. The inability of counterparties to honor these commitments may result in either a higher or lower replacement cost. Also, there is likely to be a change in the value of the securities underlying the commitments.

As of December 31, 2021, the Company had off-balance sheet commitments to acquire mortgage loans of \$86 and purchase limited partnerships and private placement investments of \$907, of which \$323 related to consolidated investment entities.

### *Insurance Company Guaranty Fund Assessments*

Insurance companies are assessed on the costs of funding the insolvencies of other insurance companies by the various state guaranty associations, generally based on the amount of premiums companies collect in that state.

The Company accrues the cost of future guaranty fund assessments based on estimates of insurance company insolvencies provided by the National Organization of Life and Health Insurance Guaranty Associations and the amount of premiums written in each state. The Company has estimated this undiscounted liability, which is included in Other liabilities on the Consolidated Balance Sheets, to be less than \$1 as of December 31, 2021 and 2020. The Company has also recorded an asset, in Other assets on the Consolidated Balance Sheets of \$12 and \$13 as of December 31, 2021 and 2020, respectively, for future credits to premium taxes. The Company estimates its liabilities for future assessments under state insurance guaranty association laws. The Company believes the reserves established are adequate for future assessments relating to insurance companies that are currently subject to insolvency proceedings.

***Restricted Assets***

The Company is required to maintain assets on deposit with various regulatory authorities to support its insurance operations. The Company may also post collateral in connection with certain securities lending, repurchase agreements, funding agreements, credit facilities and derivative transactions. The components of the fair value of the restricted assets were as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Fixed maturity collateral pledged to FHLB <sup>(1)</sup>	\$ 1,881	\$ 1,386
FHLB restricted stock <sup>(2)</sup>	78	54
Other fixed maturities-state deposits	46	47
Cash and cash equivalents	31	15
Securities pledged <sup>(3)</sup>	1,198	449
Total restricted assets	<u>\$ 3,234</u>	<u>\$ 1,951</u>

<sup>(1)</sup>Included in Fixed maturities, available-for-sale, at fair value on the Consolidated Balance Sheets.

<sup>(2)</sup>Included in Other investments on the Consolidated Balance Sheets.

<sup>(3)</sup>Includes the fair value of loaned securities of \$969 and \$197 as of December 31, 2021 and 2020, respectively. In addition, as of December 31, 2021 and 2020, the Company delivered securities as collateral of \$124 and \$170 and repurchase agreements of \$105 and \$82, respectively. Loaned securities and securities delivered as collateral are included in Securities pledged on the Consolidated Balance Sheets.

***Federal Home Loan Bank Funding Agreements***

The Company is a member of the FHLB of Des Moines and the FHLB of Boston, and is required to pledge collateral to back funding agreements issued to the FHLB. As of December 31, 2021 and 2020, the Company had \$1,461 and \$795, respectively, in non-puttable funding agreements, which are included in Contract owner account balances on the Consolidated Balance Sheets. As of December 31, 2021 and 2020, assets with a market value of approximately \$1,881 and \$1,386, respectively, collateralized the FHLB funding agreements. Assets pledged to the FHLB are included in Fixed maturities, available-for-sale, at fair value on the Consolidated Balance Sheets.

***Litigation, Regulatory Matters and Loss Contingencies***

Litigation, regulatory and other loss contingencies arise in connection with the Company's activities as a diversified financial services firm. The Company is a defendant in a number of litigation matters arising from the conduct of its business, both in the ordinary course and otherwise. In some of these matters, claimants seek to recover very large or indeterminate amounts, including compensatory, punitive, treble and exemplary damages. Modern pleading practice in the U.S. permits considerable variation in the assertion of monetary damages and other relief. Claimants are not always required to specify the monetary damages they seek or they may be required only to state an amount sufficient to meet a court's jurisdictional requirements. Moreover, some jurisdictions allow claimants to allege monetary damages that far exceed any reasonably possible verdict. The variability in pleading requirements and past experience demonstrates that the monetary and other relief that may be requested in a lawsuit or claim often bears little relevance to the merits or potential value of a claim. Litigation against the Company includes a variety of claims including negligence, breach of contract, fraud, violation of regulation or statute, breach of fiduciary duty, negligent misrepresentation, failure to supervise, elder abuse and other torts.

As with other financial services companies, the Company periodically receives informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the Company or the financial services industry. It is the practice of the Company to cooperate fully in these matters.

While it is possible that an adverse outcome in certain cases could have a material adverse effect upon the Company's financial position, based on information currently known, management believes that neither the outcome of pending litigation and regulatory matters nor potential liabilities associated with other loss contingencies are likely to have such an effect. However, given the large and indeterminate amounts sought in certain litigation and the inherent unpredictability of all such matters, it is possible that an adverse outcome in certain of the Company's litigation or regulatory matters, or liabilities arising from other

loss contingencies, could, from time to time, have a material adverse effect upon the Company's results of operations or cash flows in a particular quarterly or annual period.

For some matters, the Company is able to estimate a possible range of loss. For such matters in which a loss is probable, an accrual has been made. For matters where the Company, however, believes a loss is reasonably possible, but not probable, no accrual is required. For matters for which an accrual has been made, but there remains a reasonably possible range of loss in excess of the amounts accrued or for matters where no accrual is required, the Company develops an estimate of the unaccrued amounts of the reasonably possible range of losses. As of December 31, 2021, the Company estimates the aggregate range of reasonably possible losses, in excess of any amounts accrued for these matters as of such date, to be up to approximately \$25.

For other matters, the Company is currently not able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from plaintiffs and other parties, investigation of factual allegations, rulings by a court on motions or appeals, analysis by experts and the progress of settlement discussions. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation and regulatory contingencies and updates the Company's accruals, disclosures and reasonably possible losses or ranges of loss based on such reviews.

Litigation includes *Henkel of America v. ReliaStar Life Insurance Company, et al.* (USDC District of Connecticut, No. 1:18-cv-00965)(filed June 8, 2018). Plaintiff alleges that ReliaStar breached the terms of a stop loss policy it issued to Plaintiff by refusing to reimburse Plaintiff for more than \$47 in claims incurred by participants in prior years and submitted for coverage under the stop loss policy. Plaintiff alleges a breach of contract claim or, in the alternative, that the stop loss policy be declared to cover the submitted claims, and also asserts that ReliaStar engaged in unfair trade practices and unfair insurance practices in violation of state statutes, and did so willfully and intentionally to warrant an award of punitive damages under state law. On July 8, 2021, the district court denied defendant Express Scripts' motion for summary judgment. The Company denies the allegations, which it believes are without merit, and intends to defend the case vigorously.

Litigation also includes *Ravarino, et al. v. Voya Financial, Inc., et al.* (USDC District of Connecticut, No. 3:21-cv-01658)(filed December 14, 2021). In this putative class action, the plaintiffs allege that the named defendants breached their fiduciary duties of prudence and loyalty in the administration of the Voya 401(k) Savings Plan. The plaintiffs claim that the named defendants did not exercise proper prudence in their management of allegedly poorly performing investment options, including proprietary funds, and passed excessive investment-management and other administrative fees for proprietary and non-proprietary funds onto plan participants. The plaintiffs also allege that the defendants engaged in self-dealing through the inclusion of the Voya Stable Value Option into the plan offerings and by setting the "crediting rate" for participants' investment in the Stable Value Fund artificially low in relation to Voya's general account investment returns in order to maximize the spread and Voya's profits at the participants' expense. The complaint seeks disgorgement of unjust profits as well as costs incurred. The Company denies the allegations, which it believes are without merit, and intends to defend the case vigorously.

Finally, industry wide, life insurers continue to be exposed to class action litigation related to the cost of insurance rates and periodic deductions from cash value. Common allegations include that insurance companies have breached the terms of their universal life insurance policies by establishing or increasing the cost of insurance rates using cost factors not permitted by the contract, thereby unjustly enriching themselves. This litigation is generally known as cost of insurance litigation.

Cost of insurance litigation for the Company includes *Advance Trust & Life Escrow Services, LTA v. ReliaStar Life Insurance Company* (USDC District of Minnesota, No. 1:18-cv-02863)(filed October 5, 2018), a putative class action in which Plaintiff alleges that the Company's universal life insurance policies only permitted the Company to rely upon the policyholders' expected future mortality experience to establish the cost of insurance, and that as projected mortality experience improved, the policy language required the Company to decrease the cost of insurance. Plaintiff alleges that the Company did not decrease the cost of insurance as required, thereby breaching its contract with the policyholders, and seeks class certification. The Company denies the allegations in the complaint, believes the complaint to be without merit, and will defend the lawsuit vigorously.

### ***Contingencies related to Performance-based Capital Allocations on Private Equity Funds***

Certain performance-based capital allocations related to sponsored private equity funds ("carried interest") are not final until the conclusion of an investment term specified in the relevant asset management contract. As a result, such carried interest, if accrued or paid to the Company during such term, is subject to later adjustment based on subsequent fund performance. If the fund's cumulative investment return falls below specified investment return hurdles, some or all of the previously accrued carried interest is reversed to the extent that the Company is no longer entitled to the performance-based capital allocation. Should the fund's cumulative investment return subsequently increase above specified investment return hurdles in future periods, previous reversals could be fully or partially recovered.

As of December 31, 2021, approximately \$131 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.

## **20. Consolidated and Nonconsolidated Investment Entities**

The Company holds variable interests in certain investment entities in the form of debt or equity investments, as well as the right to receive management fees, performance fees, and carried interest. The Company consolidates certain entities under the VIE guidance when it is determined that the Company is the primary beneficiary. Alternatively, certain entities are consolidated under the VOE guidance when control is obtained through voting rights. Refer to the Consolidated Balance Sheets for the assets and liabilities of the Company's consolidated investment entities.

The Company has no right to the benefits from, nor does it bear the risks associated with consolidated investment entities beyond the Company's direct equity and debt investments in and management fees generated from these entities. Such direct investments amounted to approximately \$317 and \$233 as of December 31, 2021 and 2020, respectively. If the Company were to liquidate, the assets held by consolidated investment entities would not be available to the general creditors of the Company as a result of the liquidation.

### ***Consolidated VIEs and VOEs***

#### ***Collateral Loan Obligations Entities ("CLOs")***

The Company is involved in the design, creation, and the ongoing management of CLOs. These entities are created for the purpose of acquiring diversified portfolios of senior secured floating rate leveraged loans, and securitizing these assets by issuing multiple tranches of collateralized debt; thereby providing investors with a broad array of risk and return profiles. Also known as collateralized financing entities under Topic 810, CLOs are variable interest entities by definition.

In return for providing collateral management services, the Company earns investment management fees and contingent performance fees. In addition to earning fee income, the Company often holds an investment in certain of the CLOs it manages, generally within the unrated and most subordinated tranche of each CLO. The fee income earned and investments held are included in the Company's ongoing consolidation assessment for each CLO. The Company was the primary beneficiary of 7 and 3 CLOs as of December 31, 2021 and 2020, respectively.

#### ***Limited Partnerships ("LPs")***

The Company invests in and manages various limited partnerships, including private equity funds and hedge funds. These entities have been evaluated by the Company and are determined to be VIEs due to the equity holders, as a group, lacking the characteristics of a controlling financial interest.

In return for serving as the general partner of and providing investment management services to these entities, the Company earns management fees and carried interest in the normal course of business. Additionally, the Company often holds an investment in each limited partnership it manages, generally in the form of general partner and limited partner interests. The fee income, carried interest, and investments held are included in the Company's ongoing consolidation analysis for each limited partnership. The Company consolidated 11 and 12 funds, which were structured as partnerships, as of December 31, 2021 and 2020, respectively.

The non-controlling interest related to these partnerships increased from \$1,068 at December 31, 2020 to \$1,568 at December 31, 2021. Changes in market value, consolidations, deconsolidations, contributions and distributions related to these investments in partnerships directly impacts the non-controlling interest component of Shareholders' Equity on the Company's Consolidated Balance Sheets. The change in non-controlling interest was primarily driven by favorable market appreciation in limited partnership investments, adjusted for contributions and distributions. The Company records the non-controlling interest using a lag methodology relying on the most recent financial information available.

#### *Registered Investment Companies*

The Company did not consolidate any sponsored investment funds accounted for as VOEs as of December 31, 2021. The Company deconsolidated one sponsored investment fund accounted for as a VOE as of December 31, 2020, because it was no longer the majority investor in the fund, and as such, did not have a controlling financial interest in the fund.

#### *Fair Value Measurement*

Upon consolidation, the Company elected to apply the FVO for financial assets and financial liabilities held by CLOs and continued to measure these assets (primarily corporate loans) and liabilities (debt obligations issued by CLOs) at fair value in subsequent periods. The Company has elected the FVO to more closely align its accounting with the economics of its transactions and allows the Company to more effectively align changes in the fair value of CLO assets with a commensurate change in the fair value of CLO liabilities.

Investments held by consolidated private equity funds are measured and reported at fair value in the Company's Consolidated Financial Statements. Changes in the fair value of consolidated investment entities are recorded as a separate line item within Income (loss) related to consolidated investment entities in the Company's Consolidated Statements of Operations.

The methodology for measuring the fair value of financial assets and liabilities of consolidated investment entities, and the classification of these measurements in the fair value hierarchy is consistent with the methodology and classification applied by the Company to its investment portfolio, as discussed within the *Fair Value Measurements (excluding Consolidated Investment Entities)* Note to these Consolidated Financial Statements.

As discussed in more detail below, the Company utilizes valuations obtained from third-party commercial pricing services, brokers and investment sponsors or third-party administrators that supply NAV (or its equivalent) per share used as a practical expedient. The valuations obtained from brokers and third-party commercial pricing services are non-binding. These valuations are reviewed on a monthly or quarterly basis depending on the entity and its underlying investments. Procedures include, but are not limited to, a review of underlying fund investor reports, review of top and worst performing funds requiring further scrutiny, review of variance from prior periods and review of variance from benchmarks, where applicable. In addition, the Company considers both macro and fund specific events that may impact the latest NAV supplied and determines if further adjustments of value should be made. Such changes, if any, are subject to senior management review.

When a price cannot be obtained from a commercial pricing service, independent broker quotes are solicited. Securities priced using independent broker quotes are classified as Level 3. Broker quotes and prices obtained from pricing services are reviewed and validated through an internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades or monitoring of trading volumes.

#### *Cash and Cash Equivalents*

The carrying amounts for cash reflect the assets' fair values. The fair value for cash equivalents is determined based on quoted market prices. These assets are classified as Level 1.

#### *CLOs*

*Corporate loans:* Corporate loan investments, which comprise the majority of consolidated CLO portfolio collateral, are senior secured corporate loans maturing at various dates between 2023 and 2029, paying interest at LIBOR, EURIBOR or PRIME plus a spread of up to 10.0%. As of December 31, 2021 and 2020, the unpaid principal balance exceeded the fair value of the

corporate loans by approximately \$8 and \$20, respectively. Less than 1.0% of the collateral assets were in default as of December 31, 2021 and 2020.

The fair values for corporate loans are determined using independent commercial pricing services. Fair value measurement based on pricing services may be classified in Level 2 or Level 3 depending on the type, complexity, observability and liquidity of the asset being measured. The inputs used by independent commercial pricing services, such as benchmark yields and credit risk adjustments, are those that are derived principally from or corroborated by observable market data. Hence, the fair value measurement of corporate loans priced by independent pricing service providers is classified within Level 2 of the fair value hierarchy. In addition, there are assets held with CLO portfolios that represent senior level debt of other third party CLOs. These CLO investments are classified within Level 3 of the fair value hierarchy. See description of fair value process for CLO notes below.

*CLO notes:* The CLO notes are backed by a diversified loan portfolios consisting primarily of senior secured floating rate leveraged loans. Repayment risk is segmented into tranches with credit ratings of these tranches reflecting both the credit quality of underlying collateral as well as how much protection a given tranche is afforded by tranches that are subordinate to it. The most subordinated tranche bears the first loss and receives the residual payments, if any. The interest rates are generally variable rates based on LIBOR or EURIBOR plus a pre-defined spread, which varies from 1.0% for the more senior tranches to 8.8% for the more subordinated tranches. CLO notes mature in 2026 and 2034, and have a weighted average maturity of 11 years as of December 31, 2021. The investors in this debt are not affiliated with the Company and have no recourse to the general credit of the Company for this debt.

The fair values of the CLO notes are measured based on the fair value of the CLO's corporate loans, as the Company uses the measurement alternative available under ASU 2014-13 and determined that the inputs for measuring financial assets are more observable. The CLO notes are classified within Level 2 of the fair value hierarchy, consistent with the classification of the majority of the CLO financial assets.

The Company reviews the detailed prices including comparisons to prior periods for reasonableness. The Company utilizes a formal pricing challenge process to request a review of any price during which time the vendor examines its assumptions and relevant market inputs to determine if a price change is warranted.

The following narrative indicates the sensitivity of inputs:

- **Default Rate:** An increase (decrease) in the expected default rate would likely increase (decrease) the discount margin (increase risk premium) used to value the CLO investments and CLO notes and, as a result, would potentially decrease the value of the CLO investments and CLO notes.
- **Recovery Rate:** A decrease (increase) in the expected recovery of defaulted assets would potentially decrease (increase) the valuation of CLO investments and CLO notes.
- **Prepayment Rate:** A decrease (increase) in the expected rate of collateral prepayments would potentially decrease (increase) the valuation of CLO investments and CLO notes as the expected weighted average life ("WAL") would increase (decrease).
- **Discount Margin (spread over LIBOR):** An increase (decrease) in the discount margin used to value the CLO investments and CLO notes would decrease (increase) the value of the CLO investments and CLO notes.

#### *Private Equity Funds*

As prescribed in ASC Topic 820, the unit of account for these investments is the interest in the investee fund. The Company owns an undivided interest in the fund portfolio and does not have the ability to dispose of individual assets and liabilities in the fund portfolio. Rather, the Company would be required to redeem or dispose of its entire interest in the investee fund. There is no current active market for interests in underlying private equity funds.

Valuation is generally based on the valuations provided by the fund's general partner or investment manager. The valuations typically reflect the fair value of the Company's capital account balance of each fund investment, including unrealized capital gains (losses), as reported in the financial statements of the respective investee fund as of the respective year end or the latest available date. In circumstances where fair values are not provided, the Company seeks to determine the fair value of fund investments based upon other information provided by the fund's general partner or investment manager or from other sources.



The fair value of securities received in-kind from fund investments is determined based on the restrictions around the securities.

- Unrestricted, publicly traded securities are valued at the closing public market price on the reporting date;
- Restricted, publicly traded securities may be valued at a discount from the closing public market price on the reporting date, depending on the circumstances; and
- Privately held securities are valued by the directors/general partner of the investee fund, based on a variety of factors, including the price of recent transactions in the company's securities and the company's earnings, revenue and book value.

In the case of direct investments or co-investments in private equity companies, the Company initially recognizes investments at cost and subsequently adjusts investments to fair value. On a quarterly basis, the Company reviews the general partner or lead investor's valuation of the investee company, taking into account other available information, such as indications of a market value through subsequent issues of capital or transactions between third parties, performance of the investee company during the period and public, comparable companies' analysis, where appropriate.

Investments in these funds typically may not be fully redeemed at net asset value ("NAV") within 90 days because of inherent restriction on near term redemptions.

As of December 31, 2021 and 2020, certain private equity funds maintained term loans and revolving lines of credit of \$1,214 and \$647, respectively. The term loans mature in three to five years, and the revolving lines of credit are eligible for renewal every three years; all loans bear interest at LIBOR/EURIBOR plus 150 - 215 bps. The lines of credit are used for funding transactions before capital is called from investors, as well as for the financing of certain purchases. As of December 31, 2021 and 2020, outstanding borrowings amount to \$697 and \$491, respectively. The borrowings are reflected in Liabilities related to consolidated investment entities - other liabilities on the Company's Consolidated Balance Sheets. The borrowings are carried at an amount equal to the unpaid principal balance.

The following table summarizes the fair value hierarchy levels of consolidated investment entities as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 171	\$ —	\$ —	\$ —	\$ 171
Corporate loans, at fair value using the fair value option	—	1,111	—	—	1,111
Limited partnerships/corporations, at fair value	—	—	—	2,469	2,469
Total assets, at fair value	<u>\$ 171</u>	<u>\$ 1,111</u>	<u>\$ —</u>	<u>\$ 2,469</u>	<u>\$ 3,751</u>
<b>Liabilities</b>					
CLO notes, at fair value using the fair value option	\$ —	\$ 880	\$ —	\$ —	\$ 880
Total liabilities, at fair value	<u>\$ —</u>	<u>\$ 880</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 880</u>

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The following table summarizes the fair value hierarchy levels of consolidated investment entities as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents .....	\$ 221	\$ —	\$ —	\$ —	\$ 221
Corporate loans, at fair value using the fair value option .....	—	805	—	—	805
Limited partnerships/corporations, at fair value .....	—	—	—	1,724	1,724
Total assets, at fair value .....	<u>\$ 221</u>	<u>\$ 805</u>	<u>\$ —</u>	<u>\$ 1,724</u>	<u>\$ 2,750</u>
<b>Liabilities</b>					
CLO notes, at fair value using the fair value option .....	\$ —	\$ 783	\$ —	\$ —	\$ 783
Total liabilities, at fair value .....	<u>\$ —</u>	<u>\$ 783</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 783</u>

Transfers of investments out of Level 3 and into Level 2 or Level 1, if any, are recorded as of the beginning of the period in which the transfer occurred. For the years ended December 31, 2021 and 2020, there were no transfers in or out of Level 3 or transfers between Level 1 and Level 2.

***Deconsolidation of Certain Investment Entities***

The Company had no deconsolidations for the year ended December 31, 2021. The Company previously determined its interest in the Pomona Investment Fund was less than a majority of the fund's NAV and therefore did not represent a controlling financial interest. As a result of this determination, the Company deconsolidated one investment for the year ended December 31, 2020.

***Nonconsolidated VIEs***

The Company also holds variable interest in certain CLOs and LPs that are not consolidated as it has been determined that the Company is not the primary beneficiary.

***CLOs***

As of December 31, 2021 and December 31, 2020, the Company held \$415 and \$405 ownership interests, respectively, in unconsolidated CLOs, which also represent the Company's maximum exposure to loss.

***LPs***

As of December 31, 2021 and December 31, 2020, the Company held \$1,739 and \$1,476 ownership interests, respectively, in unconsolidated limited partnerships, which also represent the Company's maximum exposure to loss.

***Securitizations***

The Company invests in various tranches of securitization entities, including RMBS, CMBS and ABS. Through its investments, the Company is not obligated to provide any financial or other support to these entities. Each of the RMBS, CMBS and ABS entities are thinly capitalized by design and considered VIEs. The Company's involvement with these entities is limited to that of a passive investor. The Company has no unilateral right to appoint or remove the servicer, special servicer or investment manager, which are generally viewed to have the power to direct the activities that most significantly impact the securitization entities' economic performance, in any of these entities, nor does the Company function in any of these roles. The Company, through its investments or other arrangements, does not have the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Therefore, the Company is not the primary beneficiary and does not consolidate any of the RMBS, CMBS and ABS entities in which it holds investments. These investments are accounted for as

investments available-for-sale as described in the *Fair Value Measurements (excluding Consolidated Investment Entities)* Note to these Consolidated Financial Statements and unrealized capital gains (losses) on these securities are recorded directly in AOCI, except for certain RMBS which are accounted for under the FVO whose change in fair value is reflected in Other net gains (losses) in the Consolidated Statements of Operations. The Company's maximum exposure to loss on these structured investments is limited to the amount of its investment. Refer to the *Investments (excluding Consolidated Investment Entities)* Note to these Consolidated Financial Statements for details regarding the carrying amounts and classifications of these assets.

## 21. Restructuring

### *Organizational Restructuring*

Pursuant to the Company executing the Resolution MTA and the Individual Life Transaction, the Company sold five of its legal subsidiaries, SLD, SLDI, RRII, MUL and VAE to Resolution Life US, which is an insurance holding company newly formed by RLGH, a Bermuda-based limited partnership. The Company also executed an agreement with Cetera on June 9, 2021, where Cetera acquired the independent financial planning channel of VFA. Additionally, the Company transferred or ceased usage of a substantial number of administrative systems and is undertaking restructuring efforts to reduce stranded expenses associated with its Individual Life business and independent financial planning channel as well as its corporate and shared services functions. The Company anticipates incurring additional restructuring expenses directly and indirectly related to these dispositions beyond 2021, of \$25 - \$75, in addition to the \$78 incurred during 2020 and \$91 for the year ended December 31, 2021.

The restructuring activities related to the Individual Life Transaction and the sale of the independent financial planning channel have resulted in recognition of severance and organizational transition costs that are reflected in both continuing operations and discontinued operations. Amounts reflected in continuing operations are reported in Operating expenses in the Consolidated Statements of Operations, but excluded from Adjusted operating earnings before income taxes. These expenses are classified as a component of Other adjustments to Income (loss) from continuing operations before income taxes and consequently are not included in the adjusted operating results of the Company's segments.

The summary below presents Organizational Restructuring expenses, pre-tax, by type of costs incurred, for the periods indicated:

	Years Ended December 31,			Cumulative Amounts Incurred to Date <sup>(1)</sup>
	2021	2020	2019	
Severance benefits .....	\$ 23	\$ 3	\$ 39	\$ 84
Organizational transition costs .....	68	122	162	392
Total restructuring expenses .....	\$ 91	\$ 125	\$ 201	\$ 476
Continuing operations .....	\$ 91	\$ 70	\$ 201	\$ 411
Discontinued operations .....	\$ —	\$ 55	\$ —	\$ 65

<sup>(1)</sup> Includes expenses incurred during 2017-2021.

The following table presents the accrued liability associated with Organizational Restructuring expenses as of December 31, 2021:

	Severance Benefits	Organizational Transition Costs	Total
Accrued liability as of January 1, 2021 .....	\$ 21	\$ 33	\$ 54
Provision .....	23	68	91
Payments .....	(14)	(79)	(93)
Accrued liability as of December 31, 2021 .....	\$ 30	\$ 22	\$ 52

## 22. Segments

On January 4, 2021, the Company completed a series of transactions pursuant to the Resolution MTA entered into on December 18, 2019 with Resolution Life US to sell several of its subsidiaries and the related Individual Life and fixed and variable annuities businesses within these subsidiaries. See the *Business Held for Sale and Discontinued Operations* Note to these Consolidated Financial Statements.

On March 15, 2021, the Company announced several updates to its operating model and leadership team. In conjunction with those updates, the Retirement and Employee Benefits segments were renamed to Wealth Solutions and Health Solutions, respectively. The Company provides its principal products and services through three segments: Wealth Solutions, Investment Management and Health Solutions. These segments reflect the manner by which the Company's chief operating decision maker views and manages the business. A brief description of these segments follows.

The Wealth Solutions segment provides tax-deferred, employer-sponsored retirement savings plans and administrative services to corporate, education, healthcare, other non-profit and government entities, and stable value products to institutional clients where the Company may or may not be providing defined contribution products and services, as well as individual retirement accounts ("IRAs"), other retail financial products and comprehensive financial services to individual customers.

The Investment Management segment provides investment products and retirement solutions across a broad range of geographies, market sectors, investment styles and capitalization spectrums. Products and services are offered to institutional clients, including public, corporate and union retirement plans, endowments and foundations and insurance companies, as well as individual investors and general accounts of the Company's insurance subsidiaries and are distributed through the Company's direct sales force, consultant channel and intermediary partners (such as banks, broker-dealers and independent financial advisers).

The Health Solutions segment provides stop loss, group life, voluntary employee-paid and disability products to mid-sized and large businesses.

The Company includes in Corporate the following corporate and business activities:

- corporate operations, corporate level assets and financial obligations; financing and interest expenses; dividend payments made to preferred shareholders; stranded costs and other items not allocated or directly related to the Company's segments, including items such as expenses of its Organizational Restructuring program described in the *Restructuring* Note of these Consolidated Financial Statements, certain expenses and liabilities of employee benefit plans, certain adjustments to short-term and long-term incentive accruals and intercompany eliminations;
- investment income on assets backing surplus in excess of amounts held at the segment level.

### **Measurement**

*Adjusted operating earnings before income taxes.* The Company believes that Adjusted operating earnings before income taxes provides a meaningful measure of its business and segment performance and enhances the understanding of the Company's financial results by focusing on the operating performance and trends of the underlying business segments and excluding items that tend to be highly variable from period to period based on capital market conditions or other factors. The Company uses the same accounting policies and procedures to measure segment Adjusted operating earnings before income taxes as it does for the directly comparable U.S. GAAP measure, which is Income (loss) from continuing operations before income taxes. Adjusted operating earnings before income taxes does not replace Income (loss) from continuing operations before income taxes as a measure of the Company's consolidated results of operations. Therefore, the Company believes that it is useful to evaluate both Income (loss) from continuing operations before income taxes and Adjusted operating earnings before income taxes when

reviewing the Company's financial and operating performance. Each segment's Adjusted operating earnings before income taxes is calculated by adjusting Income (loss) from continuing operations before income taxes for the following items:

- Net investment gains (losses), net of related amortization of DAC, VOBA, sales inducements and unearned revenue, which are significantly influenced by economic and market conditions, including interest rates and credit spreads, and are not indicative of normal operations. Net investment gains (losses) 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 gains (losses) associated with swap settlements and accrued interest;
- Net guaranteed benefit gains (losses), which are significantly influenced by economic and market conditions and are not indicative of normal operations, 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 adjusted operating earnings, reflects the expected cost of these benefits if markets perform in line with the Company's long-term expectations and includes the cost of hedging. Other derivative and reserve changes related to guaranteed benefits are excluded from adjusted operating earnings, including the impacts related to changes in the Company's nonperformance spread;
- Income (loss) related to businesses exited or to be exited through reinsurance or divestment, which includes gains and (losses) associated with transactions to exit blocks of business within continuing operations (including net investment gains (losses) on securities sold and expenses directly related to these transactions) and residual run-off activity (including an insignificant number of Individual Life, and non-Wealth Solutions annuities policies that were not part of the divested businesses). Excluding this activity, which also includes amortization of intangible assets related to businesses exited or to be exited, better reveals trends in the Company's core business and more closely aligns Adjusted operating earnings before income taxes with how the Company manages its segments;
- Income (loss) attributable to noncontrolling interest represents the interest of shareholders, other than those of the Company, in consolidated entities. Income (loss) attributable to noncontrolling interest represents such shareholders' interests in the gains and (losses) of those entities, or the attribution of results from consolidated VIEs or VOEs to which the Company is not economically entitled;
- Dividend payments made to preferred shareholders are included as reductions to reflect the Adjusted operating earnings that is available to common shareholders;
- Income (loss) related to early extinguishment of debt, which includes losses incurred as a result of transactions where the Company repurchases outstanding principal amounts of debt; these losses are excluded from Adjusted operating earnings before income taxes since the outcome of decisions to restructure debt are not indicative of normal operations;
- Impairment of goodwill, value of management contract rights and value of customer relationships acquired, which includes losses as a result of impairment analysis; these represent losses related to infrequent events and do not reflect normal, cash-settled expenses;
- Immediate recognition of net actuarial gains (losses) related to the Company's pension and other postretirement benefit obligations and gains (losses) from plan amendments and curtailments, which includes actuarial gains and losses as a result of differences between actual and expected experience on pension plan assets or projected benefit obligation during a given period. The Company immediately recognizes actuarial gains and (losses) related to pension and other postretirement benefit obligations and gains (losses) from plan adjustments and curtailments. These amounts do not reflect normal, cash-settled expenses and are not indicative of current Operating expense fundamentals; and
- Other items not indicative of normal operations or performance of the Company's segments or related to events such as capital or organizational restructurings undertaken to achieve long-term economic benefits, including certain costs related to debt and equity offerings, acquisition / merger integration expenses, severance and other expenses associated with such activities, and expenses attributable to vacant real estate. These items vary widely in timing, scope and frequency between periods as well as between companies to which the Company is compared. Accordingly, the Company adjusts for these items as management believes that these items distort the ability to make a meaningful evaluation of the current and future performance of the Company's segments.

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

The summary below reconciles Adjusted operating earnings before income taxes for the segments to Income (loss) from continuing operations before income taxes for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Income (loss) from continuing operations before income taxes	\$ 2,777	\$ 352	\$ 574
Less Adjustments:			
Net investment gains (losses) and related charges and adjustments	(20)	22	25
Net guaranteed benefit gains (losses) and related charges and adjustments	(1)	22	(14)
Income (loss) related to businesses exited or to be exited through reinsurance or divestment	812	(342)	98
Income (loss) attributable to noncontrolling interest	761	157	50
Income (loss) related to early extinguishment of debt	(31)	—	(12)
Immediate recognition of net actuarial gains (losses) related to pension and other postretirement benefit obligations and gains (losses) from plan amendments and curtailments	33	2	3
Dividend payments made to preferred shareholders	36	36	28
Other	(105)	(41)	(196)
Total adjustments to income (loss) from continuing operations	<u>1,485</u>	<u>(144)</u>	<u>(18)</u>
Adjusted operating earnings before income taxes by segment:			
Wealth Solutions	\$ 1,110	\$ 443	\$ 588
Investment Management	239	197	180
Health Solutions	204	204	199
Corporate	(261)	(349)	(376)
Total	<u>\$ 1,292</u>	<u>\$ 495</u>	<u>\$ 591</u>

*Adjusted operating revenues* is a measure of the Company's segment revenues. Each segment's Adjusted operating revenues are calculated by adjusting Total revenues to exclude the following items:

- Net investment gains (losses) and related charges and adjustments, which are significantly influenced by economic and market conditions, including interest rates and credit spreads, and are not indicative of normal operations. Net investment gains (losses) 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 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, which is significantly influenced by economic and market conditions and not indicative of normal operations, includes 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 Adjusted operating revenues, reflects the expected cost of these benefits if markets perform in line with the Company's long-term expectations and includes the cost of hedging. Other derivative and reserve changes related to guaranteed benefits are excluded from Adjusted operating revenues, including the impacts related to changes in the Company's nonperformance spread;
- Revenues related to businesses exited or to be exited through reinsurance or divestment, which includes revenues associated with transactions to exit blocks of business within continuing operations (including net investment gains (losses) on securities sold related to these transactions) and residual run-off activity (including an insignificant number of Individual Life and non-Wealth Solution annuities policies that were not part of the divested businesses). Excluding this activity better reveals trends in the Company's core business and more closely aligns Adjusted operating revenues with how the Company manages its segments;
- Revenues attributable to noncontrolling interest represents the interests of shareholders, other than those of the Company, in consolidated entities. Revenues attributable to noncontrolling interest represents such shareholders'

interests in the revenues of those entities, or the attribution of results from consolidated VIEs or VOEs to which the Company is not economically entitled; and

- Other adjustments to Total revenues primarily reflect fee income earned by the Company's broker-dealers for sales of non-proprietary products, which are reflected net of commission expense in the Company's segments' operating revenues, other items where the income is passed on to third parties and the elimination of intercompany investment expenses included in Adjusted operating revenues.

The summary below reconciles Adjusted operating revenues for the segments to Total revenues for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total revenues .....	\$ 4,230	\$ 7,649	\$ 7,478
Less Adjustments:			
Net investment gains (losses) and related charges and adjustments .....	(138)	13	18
Gain (loss) on change in fair value of derivatives related to guaranteed benefits .....	(1)	22	(13)
Revenues related to businesses exited or to be exited through reinsurance or divestment .....	(3,368)	1,494	1,531
Revenues attributable to noncontrolling interest .....	809	215	109
Other .....	413	310	323
Total adjustments to revenues .....	(2,286)	2,054	1,968
Adjusted operating revenues by segment:			
Wealth Solutions .....	\$ 3,238	\$ 2,717	\$ 2,712
Investment Management .....	783	702	675
Health Solutions .....	2,395	2,155	2,026
Corporate .....	100	21	97
Total .....	<u>\$ 6,516</u>	<u>\$ 5,595</u>	<u>\$ 5,510</u>

**Other Segment Information**

The Investment Management segment revenues include the following intersegment revenues, primarily consisting of asset-based management and administration fees for the periods indicated:

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Investment management intersegment revenues .....	\$ 92	\$ 110	\$ 104

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

The summary below presents Total assets for the Company's segments as of the dates indicated:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Wealth Solutions .....	\$ 137,544	\$ 129,801
Investment Management .....	1,226	1,027
Health Solutions .....	3,002	2,917
Corporate .....	26,025	23,535
Total assets, before consolidation <sup>(1)</sup> .....	<u>167,797</u>	<u>157,280</u>
Consolidation of investment entities .....	3,465	2,535
Total assets, excluding assets held for sale .....	171,262	159,815
Assets held for sale .....	—	20,703
Total assets .....	<u>\$ 171,262</u>	<u>\$ 180,518</u>

<sup>(1)</sup> Total assets, before consolidation includes the Company's direct investments in CIEs prior to consolidation, which are accounted for using the equity method or fair value option.



**Voya Financial, Inc.**  
**Schedule I**

**Summary of Investments Other than Investments in Affiliates**  
**As of December 31, 2021**  
(In millions)

<b>Type of Investments</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Amount Shown on Consolidated Balance Sheet</b>
Fixed maturities:			
U.S. Treasuries .....	\$ 764	\$ 1,003	\$ 1,003
U.S. Government agencies and authorities .....	69	81	81
State, municipalities, and political subdivisions .....	1,000	1,111	1,111
U.S. corporate public securities .....	10,402	11,941	11,941
U.S. corporate private securities .....	4,889	5,325	5,325
Foreign corporate public securities and foreign governments <sup>(1)</sup> ..	3,373	3,723	3,723
Foreign corporate private securities <sup>(1)</sup> .....	3,320	3,501	3,501
Residential mortgage-backed securities .....	4,183	4,302	4,302
Commercial mortgage-backed securities .....	4,032	4,183	4,183
Other asset-backed securities .....	2,069	2,081	2,081
Total fixed maturities, including securities pledged .....	34,101	37,251	37,251
Equity securities, available-for-sale .....	240	240	240
Short-term investments .....	97	97	97
Mortgage loans on real estate .....	5,627	5,982	5,612
Policy loans .....	392	392	392
Limited partnerships/corporations .....	1,739	1,739	1,739
Derivatives .....	(4)	171	171
Other investments .....	79	79	79
Total investments .....	<u>\$ 42,271</u>	<u>\$ 45,951</u>	<u>\$ 45,581</u>

<sup>(1)</sup> Primarily U.S. dollar denominated.

**Voya Financial, Inc.**  
**Schedule II**  
**Condensed Financial Information of Parent**  
**Balance Sheets**  
**December 31, 2021 and 2020**  
(In millions, except share and per share data)

	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of \$12 as of 2021 and \$5 as of 2020) .....	\$ 12	\$ 5
Short-term investments .....	18	—
Limited partnerships/corporations .....	9	6
Derivatives .....	5	49
Investments in subsidiaries .....	9,487	12,620
Total investments .....	9,531	12,680
Cash and cash equivalents .....	202	212
Short-term investments under securities loan agreements, including collateral delivered .....	11	11
Loans to subsidiaries and affiliates .....	123	180
Due from subsidiaries and affiliates .....	61	19
Current income taxes .....	—	10
Deferred income taxes .....	875	840
Other assets .....	4	5
Total assets .....	\$ 10,807	\$ 13,957
<b>Liabilities and Shareholders' Equity</b>		
Payables under securities loan and repurchase agreements, including collateral held .....	\$ 10	\$ —
Short-term debt .....	130	653
Long-term debt .....	2,222	2,670
Derivatives .....	4	48
Current income taxes .....	13	—
Other liabilities .....	118	419
Total liabilities .....	2,497	3,790
Shareholders' equity:		
Preferred stock (\$0.01 par value per share; \$625 aggregate liquidation preference as of 2021 and 2020) .....	—	—
Common stock (\$0.01 par value per share; 900,000,000 shares authorized; 108,987,650 and 143,342,468 shares issued as of 2021 and 2020, respectively; 107,758,376 and 124,237,363 shares outstanding as of 2021 and 2020, respectively) .....	1	2
Treasury stock (at cost; 1,229,274 and 19,105,105 shares as of 2021 and 2020, respectively) .....	(80)	(1,016)
Additional paid-in capital .....	7,542	11,183
Accumulated other comprehensive income (loss) .....	2,100	4,898
Retained earnings (deficit):		
Unappropriated .....	(1,253)	(4,900)
Total Voya Financial, Inc. shareholders' equity .....	8,310	10,167
Total liabilities and shareholders' equity .....	\$ 10,807	\$ 13,957

*The accompanying notes are an integral part of this Condensed Financial Information.*

**Voya Financial, Inc.**  
**Schedule II**

**Condensed Financial Information of Parent**  
**Statements of Operations**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
Net investment income .....	\$ 5	\$ 8	\$ 39
Net gains (losses) .....	29	24	(1)
Total revenues .....	<u>34</u>	<u>32</u>	<u>38</u>
<b>Expenses:</b>			
Interest expense .....	159	136	149
Operating expenses .....	5	8	10
Total expenses .....	<u>164</u>	<u>144</u>	<u>159</u>
Income (loss) before income taxes and equity in earnings (losses) of subsidiaries .....	(130)	(112)	(121)
Income tax expense (benefit) .....	(717)	(24)	(285)
Net income (loss) before equity in earnings (losses) of subsidiaries .....	587	(88)	164
Equity in earnings (losses) of subsidiaries, net of tax .....	1,539	(118)	(524)
Net income (loss) available to Voya Financial, Inc. ....	2,126	(206)	(360)
Less: Preferred stock dividends .....	36	36	28
Net income (loss) available to Voya Financial, Inc.'s common shareholders	<u>\$ 2,090</u>	<u>\$ (242)</u>	<u>\$ (388)</u>

*The accompanying notes are an integral part of this Condensed Financial Information.*

**Condensed Financial Information of Parent**  
**Statements of Comprehensive Income**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	Year Ended December 31,		
	2021	2020	2019
Net income (loss) available to Voya Financial, Inc. ....	\$ 2,126	\$ (206)	\$ (360)
Other comprehensive income (loss), after tax .....	(2,798)	1,567	2,381
Comprehensive income (loss) attributable to Voya Financial, Inc. ...	<u>\$ (672)</u>	<u>\$ 1,361</u>	<u>\$ 2,021</u>

*The accompanying notes are an integral part of this Condensed Financial Information.*

**Voya Financial, Inc.**  
**Schedule II**

**Condensed Financial Information of Parent**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities:</b>			
Net income (loss) available to Voya Financial, Inc. . . . .	\$ 2,126	\$ (206)	\$ (360)
Adjustments to reconcile Net income (loss) available to Voya Financial, Inc. to Net cash used in operating activities:			
Equity in (earnings) losses of subsidiaries . . . . .	(1,539)	118	524
Dividends from subsidiaries . . . . .	198	—	—
Deferred income tax expense (benefit) . . . . .	(515)	15	(263)
Loss related to early extinguishment of debt . . . . .	31	—	—
Net gains (losses) . . . . .	(29)	(24)	1
Share-based compensation . . . . .	9	9	12
Change in:			
Other receivables and asset accruals . . . . .	8	(67)	(22)
Due from subsidiaries and affiliates . . . . .	(42)	(17)	—
Due to subsidiaries and affiliates . . . . .	—	(4)	3
Other payables and accruals . . . . .	(295)	374	(24)
Other, net . . . . .	4	2	19
<b>Net cash provided/(used) in operating activities</b> . . . . .	<b>(44)</b>	<b>200</b>	<b>(110)</b>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from Resolution sale . . . . .	694	—	—
Proceeds from sale of interest in wholly owned subsidiary . . . . .	80	—	—
Proceeds from the sale, maturity, disposal or redemption of equity securities . . . . .	—	—	156
Proceeds from the sale, maturity, disposal or redemption of fixed maturities . . . . .	38	—	—
Acquisition of:			
Fixed maturities . . . . .	(45)	—	(5)
Equity securities . . . . .	—	—	(35)
Limited partnerships/corporations . . . . .	—	—	(4)
Short-term investments, net . . . . .	(18)	—	—
Derivatives, net . . . . .	26	20	—
Maturity (issuance) of short-term intercompany loans, net . . . . .	56	(16)	(85)
Return of capital contributions and dividends from subsidiaries . . . . .	1,435	294	1,064
Capital contributions to subsidiaries . . . . .	(49)	(441)	(3)
Collateral received (delivered), net . . . . .	10	—	—
Other, net . . . . .	81	—	—
<b>Net cash provided/(used) in investing activities</b> . . . . .	<b>2,308</b>	<b>(143)</b>	<b>1,088</b>

*The accompanying notes are an integral part of this Condensed Financial Information.*

**Voya Financial, Inc.**  
**Schedule II**

**Condensed Financial Information of Parent**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Financing Activities:</b>			
Repayment of debt with maturities of more than three months . . . . .	(482)	—	(106)
Net proceeds from (repayments of) short-term loans to subsidiaries . . . . .	(523)	584	65
Proceeds from issuance of common stock, net . . . . .	4	4	3
Proceeds from issuance of preferred stock, net . . . . .	—	—	293
Share-based compensation . . . . .	(44)	(17)	(22)
Common stock acquired - Share repurchase . . . . .	(1,113)	(516)	(1,136)
Dividends paid on common stock . . . . .	(80)	(76)	(44)
Dividends paid on preferred stock . . . . .	(36)	(36)	(28)
<b>Net cash provided/(used) in financing activities . . . . .</b>	<b>(2,274)</b>	<b>(57)</b>	<b>(975)</b>
Net increase (decrease) in cash and cash equivalents . . . . .	(10)	—	3
Cash and cash equivalents, beginning of period . . . . .	212	212	209
Cash and cash equivalents, end of period . . . . .	<b>\$ 202</b>	<b>\$ 212</b>	<b>\$ 212</b>
<b>Supplemental cash flow information:</b>			
Income taxes paid (received), net . . . . .	\$ —	\$ (112)	\$ (128)
Interest paid . . . . .	130	132	136

*The accompanying notes are an integral part of this Condensed Financial Information.*

**Voya Financial, Inc.**  
**Schedule II**  
**Notes to Condensed Financial Information of Parent**  
(Dollar amounts in millions, unless otherwise stated)

**1. Business and Basis of Presentation**

The condensed financial information of Voya Financial, Inc. should be read in conjunction with the consolidated financial statements of Voya Financial, Inc. and its subsidiaries (collectively the "Company") and the notes thereto (the "Consolidated Financial Statements").

The accompanying financial information reflects the results of operations, financial position and cash flows for Voya Financial, Inc. The financial information is in conformity with accounting principles generally accepted in the United States, which require management to adopt accounting policies and make certain estimates and assumptions. Investments in subsidiaries are accounted for using the equity method of accounting.

**2. Loans to Subsidiaries**

Voya Financial, Inc. maintains reciprocal loan agreements with subsidiaries to facilitate unanticipated short-term cash requirements that arise in the ordinary course of business.

The following table summarizes the carrying value of Voya Financial, Inc.'s loans to subsidiaries for the periods indicated:

Subsidiaries	Rate	Maturity Date	As of December 31,	
			2021	2020
Voya Institutional Plan Services, LLC .....	1.04%	01/03/2022	\$ 19	\$ 7
Voya Custom Investments LLC .....	1.10%	01/12/2022	15	47
Voya Capital .....	1.04%	01/03/2022	39	—
Voya Investment Management, LLC .....	1.03%	01/21/2022	50	54
Voya Payroll Management, Inc. ....	1.09%	01/04/2021	—	7
Voya Services Company .....	1.09%	01/04/2021	—	65
Total .....			<u>\$ 123</u>	<u>\$ 180</u>

Interest income earned on loans to subsidiaries was \$3, \$4 and \$6 for the years ended December 31, 2021, 2020 and 2019, respectively. Interest income is included in Net investment income in the Condensed Statements of Operations.

**3. Financing Agreements**

***Debt Securities***

The following table summarizes Voya Financial, Inc.'s short-term debt borrowings for the periods indicated:

	As of December 31,	
	2021	2020
Intercompany financing - Subsidiaries .....	\$ 130	\$ 653
Total .....	<u>\$ 130</u>	<u>\$ 653</u>

***Intercompany financing***

Under the reciprocal loan agreements with subsidiaries, interest is charged at the prevailing market interest rate for similar third-party borrowings for securities.

As of December 31, 2021 and 2020, Voya Financial, Inc. was in compliance with its debt covenants. See *Financing Agreements* Note to the Consolidated Financial Statements for further information regarding long-term debt and the five-year maturities of long-term debt.

**Voya Financial, Inc.**  
**Schedule II**  
**Notes to Condensed Financial Information of Parent**  
(Dollar amounts in millions, unless otherwise stated)

***Credit Facilities***

Voya Financial, Inc. uses credit facilities to provide collateral required primarily under its affiliated reinsurance transactions with captive insurance subsidiaries. As of December 31, 2021, unsecured and committed facilities totaled \$700. Of the aggregate \$700 capacity available, Voya Financial, Inc. utilized \$163 in credit facilities outstanding as of December 31, 2021. Total fees associated with credit facilities in 2021, 2020 and 2019 totaled \$2, \$28 and \$32, respectively.

***Guarantees***

In the normal course of business, Voya Financial, Inc. enters into indemnification agreements with financial institutions that issue surety bonds on behalf of Voya Financial, Inc. or its subsidiaries in connection with litigation matters.

In addition, Voya Financial, Inc. provides guarantees to certain of its subsidiaries to support various business requirements:

- Voya Financial, Inc. guarantees the obligations of Voya Holdings under the \$13 principal amount of 8.42% Series B Capital Securities due April 1, 2027 (the "Equitable Notes"), and provides a back-to-back guarantee to ING Group in respect of its guarantee of \$358 combined principal amount of Aetna Notes.
- Voya Financial, Inc. and Voya Holdings provide a guarantee of payment of obligations to certain subsidiaries under certain surplus notes held by those subsidiaries.

There were no assets or liabilities recognized by Voya Financial, Inc. as of December 31, 2021 and 2020 in relation to these intercompany indemnifications, guarantees or support agreements. As of December 31, 2021 and 2020, no circumstances existed in which Voya Financial, Inc. was required to currently perform under these arrangements.

**4. Returns of Capital and Dividends**

Voya Financial, Inc. received returns of capital and dividends from the following subsidiaries for the periods indicated:

	<b>Years Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Voya Holdings Inc. ....	\$ 1,659	\$ 294	\$ 786
Security Life of Denver International Ltd .....	—	—	228
Security Life of Denver Insurance Company .....	54	—	—
Voya Financial Holdings I, LLC .....	16	—	—
Voya Special Investments, Inc. ....	125	—	—
Voya Services Company .....	—	—	50
<b>Total<sup>(1)</sup> .....</b>	<b>\$ 1,854</b>	<b>\$ 294</b>	<b>\$ 1,064</b>

<sup>(1)</sup> The year ended December 31, 2021 included \$221 of non-cash activities.

**5. Income Taxes**

As of December 31, 2021 and 2020, Voya Financial, Inc. held deferred tax assets related to loss and credit carryforwards, some of which have not been realized by its subsidiaries but have been reimbursed to the subsidiaries by Voya Financial, Inc. pursuant to the intercompany tax sharing agreement. The total deferred tax assets were primarily comprised of federal net operating loss, state net operating loss and credit carryforwards.

Valuation allowances have been applied to a portion of these deferred tax assets as of December 31, 2021 and 2020. Character, amount and estimated expiration date of the carryforwards and the related allowances and allowance release in 2021 are disclosed in the *Income Taxes* Note to the Consolidated Financial Statements.

As of December 31, 2021 and 2020, Voya Financial, Inc. has recognized deferred tax assets of \$875 and \$840, respectively, primarily related to federal net operating loss carryforwards.

***Tax Sharing Agreement***

Voya Financial, Inc. has entered into a federal tax sharing agreement with members of an affiliated group as defined in Section 1504 of the Internal Revenue Code of 1986, as amended. The agreement provides for the manner of calculation and the amounts/timing of the payments between the parties as well as other related matters in connection with the filing of consolidated federal income tax returns. The federal tax sharing agreement provides that Voya Financial, Inc. will pay its subsidiaries for the tax benefits of ordinary and capital losses only in the event that the consolidated tax group actually uses the tax benefit of losses generated.

Voya Financial, Inc. has also entered into a state tax sharing agreement with each of the specific subsidiaries that are parties to the agreement. The state tax agreement applies to situations in which Voya Financial, Inc. and all or some of the subsidiaries join in the filing of a state or local franchise, income tax, or other tax return on a consolidated, combined or unitary basis.



**Voya Financial, Inc.**  
**Schedule III**

**Supplementary Insurance Information**  
**As of December 31, 2021 and 2020**  
(In millions)

Segment	DAC and VOBA	Future Policy Benefits and Contract Owner Account Balances	Unearned Premiums <sup>(1)</sup>
<b>2021</b>			
Wealth Solutions	\$ 430	\$ 35,465	\$ —
Investment Management	—	—	—
Health Solutions	152	2,247	— *
Corporate	796	15,046	—
Total	<u>\$ 1,378</u>	<u>\$ 52,758</u>	<u>\$ —</u>
<b>2020</b>			
Wealth Solutions	\$ 207	\$ 35,818	\$ —
Investment Management	—	—	—
Health Solutions	135	2,183	—
Corporate	1,168	14,624	—
Total	<u>\$ 1,510</u>	<u>\$ 52,625</u>	<u>\$ —</u>

<sup>(1)</sup> Represents unearned premiums associated with short-duration products of the Company's accident and health business.

\*Less than \$1

**Supplementary Insurance Information**  
**Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

Segment	Net Investment Income <sup>(1)(2)</sup>	Premiums and Fee Income <sup>(1)(2)</sup>	Interest Credited and Other Benefits to Contract Owners	Amortization of DAC and VOBA	Other Operating Expenses <sup>(1)(2)</sup>	Premiums Written (Excluding Life)
<b>2021</b>						
Wealth Solutions	\$ 2,543	\$ (149)	\$ (262)	\$ 80	\$ 1,396	\$ —
Investment Management	(19)	703	—	—	632	—
Health Solutions	165	2,236	1,674	25	496	1,695
Corporate	85	(4,317)	(3,575)	690	62	—
Total	<u>\$ 2,774</u>	<u>\$ (1,527)</u>	<u>\$ (2,163)</u>	<u>\$ 795</u>	<u>\$ 2,586</u>	<u>\$ 1,695</u>
<b>2020</b>						
Wealth Solutions	\$ 2,213	\$ 921	\$ 1,101	\$ 211	\$ 1,421	\$ —
Investment Management	8	659	—	5	584	—
Health Solutions	115	2,047	1,487	20	443	1,510
Corporate	573	815	1,513	116	206	—
Total	<u>\$ 2,909</u>	<u>\$ 4,442</u>	<u>\$ 4,101</u>	<u>\$ 352</u>	<u>\$ 2,654</u>	<u>\$ 1,510</u>
<b>2019</b>						
Wealth Solutions	\$ 2,029	\$ 881	\$ 1,067	\$ 79	\$ 1,371	\$ —
Investment Management	12	641	—	4	573	—
Health Solutions	112	1,920	1,408	16	410	1,361
Corporate	639	800	1,275	83	399	—
Total	<u>\$ 2,792</u>	<u>\$ 4,242</u>	<u>\$ 3,750</u>	<u>\$ 182</u>	<u>\$ 2,753</u>	<u>\$ 1,361</u>

<sup>(1)</sup> Includes the elimination of certain intersegment revenues and expenses, primarily consisting of asset-based management and administration fees, which have been charged by Investment Management and eliminated in Corporate.

<sup>(2)</sup> Includes the elimination of intercompany transactions between the Company and its consolidated investment entities, primarily the elimination of the Company's management fees expensed by the funds, recorded as operating revenues before the Company's consolidation of its consolidated investment entities and eliminated in the Investment Management segment.

**Voya Financial, Inc.**  
**Schedule IV**

**Reinsurance**  
**Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	<u>Gross</u>	<u>Ceded</u>	<u>Assumed</u>	<u>Net</u>	<u>Percentage of Assumed to Net</u>
<b>2021</b>					
Life insurance in force .....	\$ 605,845	\$ 392,412	\$ 6,587	\$ 220,020	3.0 %
Premiums:					
Life insurance .....	\$ 1,179	\$ 3,651	\$ 26	\$ (2,446)	(1.1)%
Accident and health insurance .....	1,803	202	—	1,601	— %
Annuity contracts .....	59	2,568	—	(2,509)	— %
Total premiums .....	<u>\$ 3,041</u>	<u>\$ 6,421</u>	<u>\$ 26</u>	<u>\$ (3,354)</u>	(0.8)%
<b>2020</b>					
Life insurance in force .....	\$ 631,986	\$ 226,972	\$ 7,405	\$ 412,419	1.8 %
Premiums:					
Life insurance .....	\$ 1,204	\$ 323	\$ 29	\$ 910	3.2 %
Accident and health insurance .....	1,617	188	1	1,430	0.1 %
Annuity contracts .....	76	1	1	76	1.3 %
Total premiums .....	<u>\$ 2,897</u>	<u>\$ 512</u>	<u>\$ 31</u>	<u>\$ 2,416</u>	1.3 %
<b>2019</b>					
Life insurance in force .....	\$ 648,765	\$ 245,164	\$ 8,377	\$ 411,978	2.0 %
Premiums:					
Life insurance .....	\$ 1,246	\$ 354	\$ 29	\$ 921	3.1 %
Accident and health insurance .....	1,452	162	1	1,291	0.1 %
Annuity contracts .....	61	—	—	61	— %
Total premiums .....	<u>\$ 2,759</u>	<u>\$ 516</u>	<u>\$ 30</u>	<u>\$ 2,273</u>	1.3 %

**Voya Financial, Inc.**  
**Schedule V**

**Valuation and Qualifying Accounts**  
**Years Ended December 31, 2021, 2020 and 2019**  
(In millions)

	<u>Balance at January 1,</u>	<u>Charged to Costs and Expenses</u>	<u>Write-offs/ Payments/ Other</u>	<u>Balance at December 31,</u>
<b>2021</b>				
Valuation allowance on deferred tax assets .....	\$ 353	\$ (521) <sup>(1)</sup>	\$ 231	\$ 63
Allowance for credit losses on mortgage loans on real estate <sup>(2)</sup> .....	89	(60)	(14)	15
Allowance for credit losses on available-for-sale fixed maturity securities <sup>(2)</sup> .....	26	33	(1)	58
Allowance for credit losses on reinsurance recoverable ..	18	10	—	28
<b>2020</b>				
Valuation allowance on deferred tax assets .....	\$ 379	\$ (26)	\$ —	\$ 353
Allowance for credit losses on mortgage loans on real estate <sup>(2)</sup> .....	16 <sup>(3)</sup>	76	(3)	89
Allowance for credit losses on available-for-sale fixed maturity securities <sup>(2)</sup> .....	—	26	—	26
Allowance for credit losses on reinsurance recoverable ..	17 <sup>(3)</sup>	1	—	18
<b>2019</b>				
Valuation allowance on deferred tax assets .....	\$ 638	\$ (259)	\$ —	\$ 379
Allowance for credit losses on mortgage loans on real estate .....	2	(1)	—	1
Allowance for credit losses on available-for-sale fixed maturity securities .....	—	—	—	—
Allowance for credit losses on reinsurance recoverable ..	—	—	—	—

<sup>(1)</sup> Refer to the *Income Taxes* Note to the accompanying Consolidated Financial Statements for more information.

<sup>(2)</sup> Refer to the *Investments (excluding Consolidated Investment Entities)* Note to the accompanying Consolidated Financial Statements for more information.

<sup>(3)</sup> On January 1, 2020, as a result of implementing ASU 2016-13 Measurement of Credit Losses of Financial Instruments, the company recorded a transition adjustment on a continuing basis for Allowance for credit losses on mortgage loans on real estate and Allowance for credit losses on reinsurance recoverables of \$15 and \$17, respectively.

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **Item 9A. Controls and Procedures**

### ***Evaluation of Disclosure Controls and Procedures***

The Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's current disclosure controls and procedures are effective in ensuring that material information relating to the Company required to be disclosed in the Company's periodic filings with the U.S. Securities and Exchange Commission ("SEC") is made known to them in a timely manner.

### ***Management's Annual Report on Internal Control Over Financial Reporting***

Management of Voya Financial, Inc. and subsidiaries is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) for the Company. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements of the Company in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles and that receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 pertaining to financial reporting in accordance with the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In the opinion of management, Voya Financial, Inc. has maintained effective internal control over financial reporting as of December 31, 2021.

### ***Attestation Report of the Company's Registered Public Accounting Firm***

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued their attestation report on management's internal control over financial reporting which is set forth below.

### ***Changes in Internal Control Over Financial Reporting***

There were no changes to the Company's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors of Voya Financial, Inc.

### **Opinion on Internal Control over Financial Reporting**

We have audited Voya Financial, Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Voya Financial, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Voya Financial, Inc. as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and schedules and our report dated February 22, 2022 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP  
San Antonio, Texas  
February 22, 2022

## PART III

### Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this Item is omitted pursuant to General Instruction G to Form 10-K. Such information is incorporated by reference from the definitive Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 11. Executive Compensation

The information required by this Item is omitted pursuant to General Instruction G to Form 10-K. Such information is incorporated by reference from the definitive Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table provides information as of December 31, 2021, regarding securities authorized for issuance under our equity compensation plans. All outstanding awards relate to our Common Stock. For additional information about our equity compensation plans, see 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.

<i>(shares in millions)</i>	<u>2019 Omnibus Plan<sup>(2)</sup></u>	<u>2014 Omnibus Plan</u>	<u>2013 Omnibus Plan</u>
Authorized for issuance	12.0	17.8	7.7
Issued and reserved for issuance of outstanding:			
RSUs	1.2	5.8	3.1
RSUs - Deal incentive awards	—	—	—
PSU awards <sup>(1)</sup>	1.5	4.9	2.0
Stock options	—	3.9	2.3
Shares available for issuance	<u>9.3</u>	<u>3.2</u>	<u>0.3</u>

<sup>(1)</sup> PSUs awarded under the Omnibus Plans entitle recipients to receive, upon vesting, a number of shares of common stock that ranges from 0% to 150% of the number of PSUs awarded, depending on the level of achievement of the specified performance conditions.

<sup>(2)</sup> The 2019 Omnibus Plan provides for 11,700,000 shares of common stock to be available for issuance as equity-based compensation awards, subject to other provisions of the plan for replacement of shares and adjustments. Under the plan, if any award or any award outstanding as of May 23, 2019 that was granted under the Voya Financial, Inc. 2014 Omnibus Plan is forfeited, expires, terminates or lapses, then the shares will be available for grant under the 2019 Omnibus Plan.

The information required by this Item is omitted pursuant to General Instruction G to Form 10-K. Such information is incorporated by reference to the definitive Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is omitted pursuant to General Instruction G to Form 10-K. Such information is incorporated by reference from the definitive Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

### Item 14. Principal Accounting Fees and Services

The information required by this Item is omitted pursuant to General Instruction G to Form 10-K. Such information is incorporated by reference from the definitive Proxy Statement relating to the Company's 2022 Annual Meeting of Shareholders, which will be filed with the SEC within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

## Part IV

### Item 15. Exhibits, Financial Statement Schedules

#### a. Documents filed as part of this report

1. Financial Statements (See Item 8. Financial Statements and Supplementary Data)
  - Consolidated Balance Sheets
  - Consolidated Statements of Operations
  - Consolidated Statements of Comprehensive Income
  - Consolidated Statements of Changes in Shareholders' Equity
  - Consolidated Statements of Cash Flows
  - Notes to Consolidated Financial Statements
  - Report of Independent Registered Public Accounting Firm
2. Schedule I - Summary of Investments Other than Investments in Affiliates
- Schedule II - Condensed Financial Information of Parent
- Schedule III - Supplementary Insurance Information
- Schedule IV - Reinsurance
- Schedule V - Valuation and Qualifying Accounts

All other provisions for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibits

## Voya Financial, Inc.

### Exhibit Index

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
2.1	Master Transaction Agreement by and among Voya Financial, Inc., VA Capital Company LLC and Athene Holding Ltd., Dated as of December 20, 2017 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on December 21, 2017)
2.2	Master Transaction Agreement by and between Voya Financial, Inc., and Resolution Life U.S. Holdings Inc. dated as of December 18, 2019 (incorporated by reference to Exhibit 2.2 to the Company's Annual Report on Form 10-K (File No. 001-35897) filed on February 21, 2020)
3.1	Amended and Restated Certificate of Incorporation of Voya Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-3 (File No. 333-196883) filed on June 18, 2014)
3.2	Amended and Restated By -Laws of Voya Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on May 7, 2013)
3.3	Certificate of Designations with respect to the Series A Preferred Stock of the Company, dated September 12, 2018 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on September 12, 2018)
3.4	Certificate of Designations with respect to the Series B Preferred Stock of the Company, dated June 17, 2019 (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 8-A (File No. 001-35897) filed June 17, 2019)
4.01	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-184847), filed on April 16, 2013)
4.02	Indenture, dated as of July 13, 2012, among ING U.S., Inc., Lion Connecticut Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.1 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
4.03	First Supplemental Indenture, dated as of July 13, 2012, among ING U.S., Inc., Lion Connecticut Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.2 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
4.04	Second Supplemental Indenture, dated as of February 11, 2013, among ING U.S., Inc., Lion Connecticut Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.74 to the Company's Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-184847) filed on March 19, 2013)
4.05	Third Supplemental Indenture, dated as of July 26, 2013, among ING U.S., Inc., Lion Connecticut Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on July 26, 2013)
4.06	Fifth Supplemental Indenture, dated as of June 13, 2016, among Voya Financial, Inc., Voya Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on June 14, 2016)
4.07	Sixth Supplemental Indenture, dated as of June 13, 2016, among Voya Financial, Inc., Voya Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on June 14, 2016)
4.08	Seventh Supplemental Indenture, dated as of July 5, 2017, by and among Voya Financial, Inc., Voya Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on July 5, 2017)
4.09	Junior Subordinated Indenture, dated as of May 16, 2013, among ING U.S., Inc., Lion Connecticut Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q (File No. 001-35897) filed on May 23, 2013)
4.10	First Supplemental Indenture, dated as of May 16, 2013, among ING U.S., Inc., Lion Connecticut Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q (File No. 001-35897) filed on May 23, 2013)
4.11	Second Supplemental Indenture, dated as of January 23, 2018, among Voya Financial, Inc., Voya Holdings Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on January 23, 2018)
4.12	Description of Securities of the Registrant (incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 10-K (File No. 001-35897) filed on February 21, 2020)



<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.01	Warrant Agreement, dated as of May 7, 2013, among ING U.S., Inc., Computershare Inc. and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on May 7, 2013)
10.02	Amendment No. 1 to Warrant Agreement, dated as of May 22, 2017, among Voya Financial, Inc., ING Groep, N.V. and Computershare Inc. (incorporated by reference to Exhibit 4.16 to the Company's Registration Statement on Form S-3 (No. 333-218956) filed on June 23, 2017)
10.03	Amendment No. 2 to Warrant Agreement, dated as of November 10, 2017, among Voya Financial, ING Groep, N.V. and Computershare Inc. (incorporated by reference to Exhibit 10.05 to the Company's Annual Report on Form 10-K (File No. 001-35897) filed on February 23, 2018)
10.04	Indenture, dated as of August 1, 1993, between Aetna Life and Casualty Company and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.4 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.05	First Indenture Supplement, dated as of August 1, 1996 between Aetna Services, Inc. (F/K/A Aetna Life and Casualty Company) and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.5 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.06	Second Indenture Supplement, dated as of October 30, 2000, among Aetna Services, Inc. (F/K/A Aetna Life and Casualty Company), Aetna Inc. and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.6 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.07	Third Indenture Supplement, dated as of December 13, 2000, among Aetna, Inc., ING Groep N.V. and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.7 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.08	Indenture, dated as of July 1, 1996, among Aetna Life and Casualty Company, Aetna, Inc. and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.8 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.09	First Indenture Supplement dated as of October 30, 2000 among Aetna Services, Inc. (F/K/A Aetna Life and Casualty Company), Aetna Inc. and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.9 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.10	Second Indenture Supplement dated as of December 13, 2000, between Lion Connecticut Holdings, Inc. (as successor to Aetna, Inc., Aetna Services, Inc. and Aetna Life and Casualty Company) and State Street Bank and Trust Company of Connecticut, National Association, as trustee (incorporated by reference to Exhibit 10.10 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333- 184847) filed on January 23, 2013)
10.11	Term Loan Agreement, dated as of April 20, 2012, among Bank of America, N.A. and the other parties thereto (incorporated by reference to Exhibit 10.12 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.12	Third Amended and Restated Revolving Credit Agreement dated as of November 1, 2019, among Voya Financial, Inc., Bank of America N.A. and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35897) filed on November 6, 2019)
10.13	Account Control Agreement, dated as of February 8, 2018, by and between Voya Retirement Insurance and Annuity Company, Federal Home Loan Bank of Boston, and The Bank of New York Mellon (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2018 (File No. 001-35897) filed on May 2, 2018)
10.14	Advances, Collateral Pledge and Security Agreement, dated as of February 8, 2018, by and between Voya Retirement Insurance and Annuity Company and the Federal Home Loan Bank of Boston (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2018 (File No. 001-35897) filed on May 2, 2018)
10.15	Coinsurance Agreement, dated as of October 1, 1998, between Aetna Life Insurance and Annuity Company and The Lincoln National Life Insurance Company (incorporated by reference to Exhibit 10.24 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.16	Modified Coinsurance Agreement, dated as of October 1, 1998, between Aetna Life Insurance and Annuity Company and The Lincoln National Life Insurance Company (incorporated by reference to Exhibit 10.25 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.17	Coinsurance Agreement, dated as of October 1, 1998, between Aetna Life Insurance and Annuity Company and Lincoln Life & Annuity Company of New York (incorporated by reference to Exhibit 10.26 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.18	Amendment No. 1 to Coinsurance Agreement, effective March 1, 2007 between ING Life Insurance and Annuity Company (F/K/A Aetna Life Insurance and Annuity Company) and Lincoln Life & Annuity Company of New York (incorporated by reference to Exhibit 10.27 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.19	Modified Coinsurance Agreement, dated as of October 1, 1998, between Aetna Life Insurance and Annuity Company and Lincoln Life & Annuity Company of New York (incorporated by reference to Exhibit 10.28 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.20	Tax Sharing Agreement by and between ING America Insurance Holdings, Inc. and various subsidiaries with respect to federal taxes (incorporated by reference to Exhibit 10.30 to the Company's Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-184847) filed on March 19, 2013)
10.21	Tax Sharing Agreement by and between ING America Insurance Holdings, Inc. and various subsidiaries with respect to state taxes (incorporated by reference to Exhibit 10.31 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.22	Equity Administration Agreement between ING U.S., Inc. and ING Groep N.V. dated as of May 7, 2013 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on May 7, 2013)
10.23	Master Claim Agreement, dated April 17, 2012, between ING Groep N.V., ING America Insurance Holdings, Inc. and ING Insurance Eurasia N.V. (incorporated by reference to Exhibit 10.35 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.24	Form of Director Indemnification Agreement (incorporated by reference to Exhibit 10.37 to the Company's Amendment No. 3 to Registration Statement on Form S-1 (File No. 333-184847) filed on April 5, 2013)
10.25	Employment Agreement, dated December 11, 2014, of Rodney O. Martin, Jr. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on December 16, 2014)
10.26+	Amended Agreement with Rodney O. Martin, Jr., dated September 18, 2017 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35897) filed on September 21, 2017)
10.27+	Amendment Agreement with Rodney O. Martin, Jr. dated September 27, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35897) filed on November 1, 2018)
10.28+	ING Group Incentive Compensation Plan (incorporated by reference to Exhibit 10.52 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.29+	Form of ING Group Grant of Deferred Shares (incorporated by reference to Exhibit 10.55 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.30+	ING Group Long-Term Equity Ownership Plan (incorporated by reference to Exhibit 10.56 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.31+	Form of ING Group Long-Term Equity Ownership Plan Grant (incorporated by reference to Exhibit 10.57 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.32+	ING Group Standard Share Option Plan (incorporated by reference to Exhibit 10.58 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013).
10.33+	ING Americas Supplemental Executive Retirement Plan (Amended/Restated December 2011) (incorporated by reference to Exhibit 10.59 to the Company's Amendment No. 1 to Registration Statement on Form S-1 (File No.333-184847) filed on January 23, 2013)
10.34+	Amended and Restated Voya Retirement Plan, effective January 1, 2018 (incorporated by reference to Exhibit 10.45 to the Company's Annual Report on Form 10-K (File No. 001-35897) filed on February 22, 2019)
10.35+	Voya Deferred Compensation Savings Plan, Amended and Restated Effective as of January 1, 2020 (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K (File No. 001-35897) filed on February 21, 2020)
10.36+	Voya Severance Pay Plan, as amended and restated effective as of January 4, 2021 (incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K (File No. 001-35897) filed on March 1, 2021)
10.37+	Form of Voya Financial, Inc. Severance Plan for Senior Managers (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35897) filed on May 5, 2016)

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.38+	ING Investment Management—Retention Participation Plan (incorporated by reference to Exhibit 10.68 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.39+	ING Investment Management, LLC Annual Incentive Plan (incorporated by reference to Exhibit 10.69 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.40+	ING Investment Management—Deferred Compensation Plan (incorporated by reference to Exhibit 10.70 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.41+	ING Americas Insurance Holdings, Inc. Equity Compensation Plan (incorporated by reference to Exhibit 10.71 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.42+	ING Directors’ Pension Scheme (incorporated by reference to Exhibit 10.72 to the Company’s Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-184847) filed on January 23, 2013)
10.43+	Form of ING U.S., Inc. 2013 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.79 to the Company’s Amendment No. 4 to Registration Statement on Form S-1 (File No. 333-184847) filed on April 16, 2013)
10.44+	Voya Financial, Inc. Amended and Restated 2013 Omnibus Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed on August 7, 2014)
10.45+	Form of Award Agreement under the Voya Financial, Inc. Amended and Restated 2013 Omnibus Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.57 to the Company’s Annual Report on Form 10-K (File No. 001-35897) filed on February 21, 2020)
10.46+	Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed on August 7, 2014)
10.47+	Voya Financial, Inc. 2019 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed on August 9, 2019)
10.48+	Form of 2017 Award Agreement under the Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed May 3, 2017)
10.49+	Form of Chief Executive Officer 2017 Award Agreement under the Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed May 3, 2017)
10.50+	Form of 2018 Award Agreement under the Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.63 to the Company’s Annual Report on Form 10-K (File No. 001-35897) filed February 21, 2020)
10.51+	Form of Chief Executive Officer 2018 Award Agreement under the Voya Financial, Inc. 2014 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.64 to the Company’s Annual Report on Form 10-K (File No. 001-35897) filed February 21, 2020)
10.52+	Offer Letter of Charles P. Nelson, dated April 7, 2015 (incorporated by reference to Exhibit 10.102 to the Company’s Annual Report on Form 10-K (File No. 001-35897) filed on February 25, 2016)
10.53+	Offer Letter of Christine Hartsellers, dated September 24, 2004 (incorporated by reference to Exhibit 10.98 to the Company’s Annual Report on Form 10-K (File No. 001-35897) filed on February 23, 2017)
10.54+	Promotion and Compensation Memorandum of Christine Hartsellers, dated February 12, 2009 (incorporated by reference to Exhibit 10.99 to the Company’s Annual Report on Form 10-K (File No. 001-35897) filed on February 23, 2017)
10.55**	Master Agreement for Outsourced Services between Voya Services Company and Cognizant Worldwide Limited dated as of July 31, 2017 (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed on November 1, 2017)
10.56+	Offer Letter of Margaret Parent, dated July 18, 2016 (incorporated by reference to Exhibit 10.70 to the Company’s Annual report on Form 10-K (File No. 001.35897) Filed on February 21, 2020)
10.57+	Form of Chief Executive Officer 2020 Award Agreement under the Voya Financial, Inc. 2019 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed May 6, 2020)
10.58+	Form of Executive Officer 2020 Award Agreement under the Voya Financial, Inc. 2019 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q (File No. 001-35897) filed May 6, 2020)

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
10.59+	Form of 2020 Award Agreement under the Voya Financial, Inc. 2019 Omnibus Employee Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 001-35897) filed May 6, 2020)
21.1*	List of Subsidiaries of Voya Financial, Inc.
23.1*	Consent of Ernst & Young LLP
24.1	Power of Attorney (included on signature pages)
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Rodney O. Martin, Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Michael S. Smith, Chief Financial Officer
32.1*	Section 1350 Certification of Rodney O. Martin, Chief Executive Officer
32.2*	Section 1350 Certification of Michael S. Smith, Chief Financial Officer
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

\* Filed herewith.

+ This exhibit is a management contract or compensatory plan or arrangement

\*\* Confidential portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 22, 2022

\_\_\_\_\_  
(Date)

Voya Financial, Inc.

\_\_\_\_\_  
(Registrant)

By: /s/

\_\_\_\_\_  
Michael S. Smith

Michael S. Smith

Vice Chairman and

Chief Financial Officer

(Duly Authorized Officer and Principal Financial Officer)

## **POWER OF ATTORNEY**

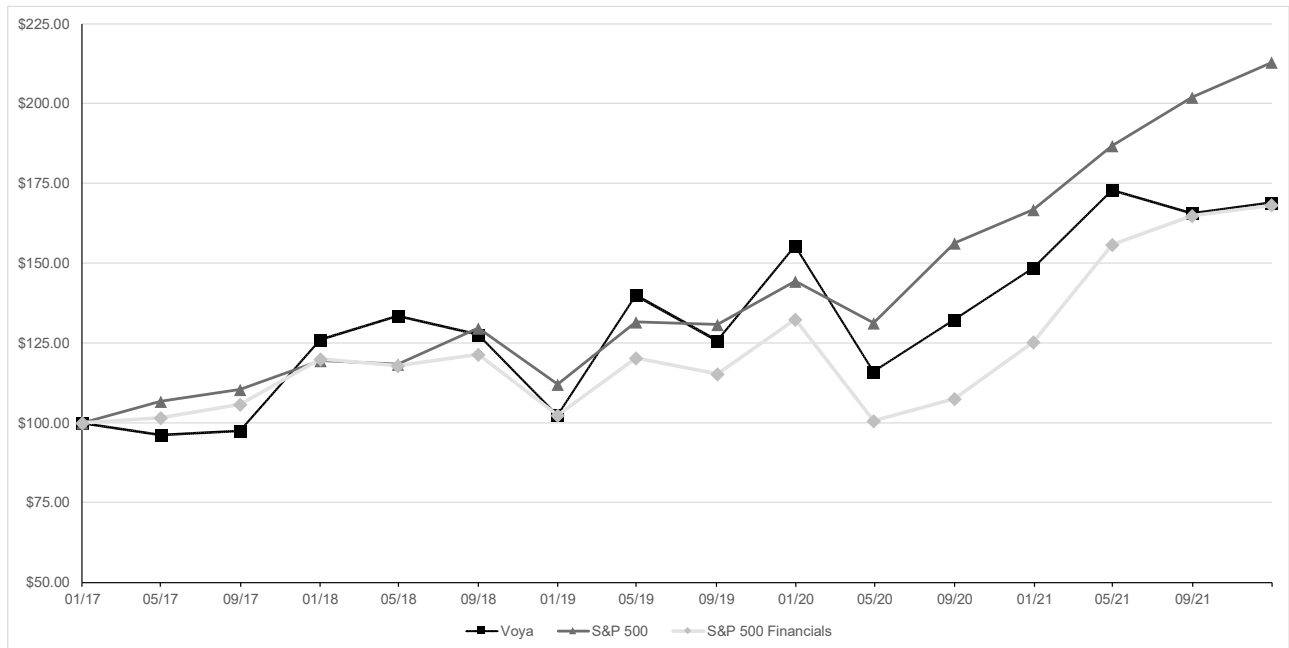
KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature below constitutes and appoints Rodney O. Martin, Jr., Michael S. Smith, and Trevor Ogle as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this Annual Report on Form 10-K, and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
By: /s/ <u>Rodney O. Martin, Jr.</u> Rodney O. Martin, Jr.	Chairman and Chief Executive Officer <i>(Principal Executive Officer)</i>	February 22, 2022
By: /s/ <u>Yvette Butler</u> Yvette Butler	Director	February 22, 2022
By: /s/ <u>Jane P. Chwick</u> Jane P. Chwick	Director	February 22, 2022
By: /s/ <u>Kathleen DeRose</u> Kathleen DeRose	Director	February 22, 2022
By: /s/ <u>Ruth Ann M. Gillis</u> Ruth Ann M. Gillis	Director	February 22, 2022
By: /s/ <u>Aylwin Lewis</u> Aylwin Lewis	Director	February 22, 2022
By: /s/ <u>Bryon H. Pollitt, Jr.</u> Byron H. Pollitt, Jr.	Director	February 22, 2022
By: /s/ <u>Joseph V. Tripodi</u> Joseph V. Tripodi	Director	February 22, 2022
By: /s/ <u>David Zwiener</u> David Zwiener	Director	February 22, 2022
By: /s/ <u>Michael S. Smith</u> Michael S. Smith	Vice Chairman and Chief Financial Officer <i>(Principal Financial Officer)</i>	February 22, 2022
By: /s/ <u>C. Landon Cobb, Jr.</u> C. Landon Cobb, Jr.	Chief Accounting Officer <i>(Principal Accounting Officer)</i>	February 22, 2022

## Performance Graph

The following graph compares an investment in the Company's common stock from January 1, 2017 through December 31, 2021, against (i) an investment in the S&P 500 index and (ii) an investment in the S&P 500 Financials Index. The graph assumes \$100 was invested on January 1, 2017 in the Company's common stock, the S&P 500 index, and the S&P 500 financials index, as applicable, and that dividends were reinvested on the date of payment without deduction of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance.



## Availability of Further Information

Voya Financial, Inc. will provide, without charge, a copy of its 2021 Annual Report on Form 10-K upon the written request of any shareholder. Such requests shall be directed to the Office of the Corporate Secretary, Voya Financial, Inc., 230 Park Avenue, New York, New York 10169.







## Executive Committee

### **Nancy Ferrara**

Executive Vice President, Continuous Improvement

### **Robert Grubka**

Chief Executive Officer, Health Solutions

### **Christine Hurtsellers**

Chief Executive Officer, Investment Management

### **Michael Katz**

Executive Vice President and Chief Strategy,  
Planning and Investor Relations Officer

### **Santhosh Keshavan**

Executive Vice President and Chief Information Officer

### **Heather Lavallee**

Chief Executive Officer, Wealth Solutions

### **Rodney O. Martin, Jr.**

Chairman and Chief Executive Officer

### **Charles P. Nelson**

Vice Chairman and Chief Growth Officer

### **Kevin D. Silva**

Executive Vice President and Chief Human Resources  
Officer

### **Michael S. Smith**

Vice Chairman and Chief Financial Officer

## Board of Directors

### **Lynne Biggar**

Former Global Chief Marketing Officer,  
Visa, Inc.

### **Yvette Butler**

President, SVB Private Bank & Wealth Management,  
Silicon Valley Bank

### **Jane P. Chwick**

Retired Co-Chief Operating Officer of Technology,  
The Goldman Sachs Group, Inc.

### **Kathleen DeRose**

Clinical Professor of Finance,  
New York University Leonard N. Stern School of Business

### **Ruth Ann M. Gillis**

Retired Executive Vice President and  
Chief Administrative Officer,  
Exelon Corporation

### **Aylwin Lewis**

Retired Chairman, Chief Executive Officer and President,  
Potbelly Corporation

### **Rodney O. Martin, Jr.**

Chairman and Chief Executive Officer,  
Voya Financial, Inc.

### **Byron H. Pollitt, Jr.**

Retired Executive Vice President and  
Chief Financial Officer,  
Visa, Inc.

### **Joseph V. Tripodi**

Retired Chief Marketing Officer,  
The Subway Corporation

### **David Zwiener**

(Lead Director) Operating Executive,  
The Carlyle Group

## Forward-Looking and Other Cautionary Statements

This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The company does not assume any obligation to revise or update these statements to reflect new information, subsequent events or changes in strategy. 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, (iii) the frequency and severity of insured loss events, (iv) the effects of natural or man-made disasters, including pandemic events and specifically the current COVID-19 pandemic event, (v) mortality and morbidity levels, (vi) persistency and lapse levels, (vii) interest rates, (viii) currency exchange rates, (ix) general competitive factors, (x) changes in laws and regulations, such as those relating to Federal taxation, state insurance regulations and NAIC regulations and guidelines, (xi) changes in the policies of governments and/or regulatory authorities, and (xii) our ability to successfully manage the separation of our individual life business on the expected timeline and economic terms. Factors that may cause actual results to differ from those in any forward-looking statement also include those described under “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition (“MD&A”) – Trends and Uncertainties” in our Annual Report on Form 10-K for the year ended Dec. 31, 2021, which the Company filed with the SEC on Feb. 22, 2022.

Voya Financial  
230 Park Avenue  
New York, NY 10169  
voya.com