APPLICATIONS

by

Ameriprise Financial, Inc.

an existing savings and loan holding company, Minneapolis, MN,

to the

Office of the Comptroller of the Currency

to Organize Ameriprise National Trust Bank as a National Trust Bank and for Ameriprise National Trust Bank to Exercise Fiduciary Powers

Pursuant to 12 U.S.C. §§ 21, 22, 24 (Seventh), and 12 U.S.C. § 92a

June 2, 2021

TABLE OF CONTENTS

GENERAL STATEMENT 5

I. Introduction 5

II. Description of ANTB, AFI and the Rationale for Organizing ANTB 5

III. Conclusion 10

INTERAGENCY CHARTER AND FEDERAL DEPOSIT INSURANCE APPLICATION 11

1. Overview 12

2. Management 13

3. Capital 20

4. Convenience and Needs of the Community 22

5. Premises and Fixed Assets 24

6. Information Systems 27

7. Other Information 30

PUBLIC EXHIBITS

Public Exhibit 1	Ameriprise 2020 Annual Report and Form 10-K as of December 31, 2020
Public Exhibit 2	Ameriprise Quarterly Report and Form 10-Q as of March 31, 2021
Public Exhibit 3	Map of Locations of Proposed ANTB Main Office and Trust Office
Public Exhibit 4	Fiduciary Powers Application
Public Exhibit 5	Director and Senior Executive Officer Qualifications and Experience
Public Exhibit 6	AFI 2005 Incentive Compensation Plan

CONFIDENTIAL EXHIBITS

Confidential Exhibit 1	Pro Forma Financial Statements of ANTB
Confidential Exhibit 2	Residency Waiver Request
Confidential Exhibit 3	Articles of Association
Confidential Exhibit 4	Bylaws
Confidential Exhibit 5	Business Plan
Confidential Exhibit 6	Director and Management Overlaps with Ameriprise Affiliates
Confidential Exhibit 7	Director and Senior Executive Officer Compensation and Benefits Information
Confidential Exhibit 8	Description of Stock Benefit Plans
Confidential Exhibit 9	Lease for Permanent Premises of Proposed ANTB
Confidential Exhibit 10	Lease for Las Vegas Trust Office
Confidential Exhibit 11	Systems and Flowcharts of Information Systems
Confidential Exhibit 12	Information Security Summary Roadmap
Confidential Exhibit 13	Technology Control Framework
Confidential Exhibit 14	Confidential Exhibits to Fiduciary Powers Application
Confidential Exhibit 15	Application to UDFI for Conversion of the FSB into an Industrial Bank, and Notice to OCC Regarding Conversion of the FSB to a State Bank

GENERAL STATEMENT

I. Introduction

Ameriprise Financial, Inc. ("**AFI**," and together with its subsidiaries "**Ameriprise**"), a savings and loan holding company ("**SLHC**") headquartered in Minneapolis, Minnesota, hereby submits this application to the Office of the Comptroller of the Currency (the "**OCC**") to organize a new limited purpose national trust bank ("**ANTB**"), also to be located in Minneapolis, Minnesota. This application is being filed in connection with a broader corporate reorganization by AFI whereby Ameriprise Bank, FSB (the "**FSB**"), a federally chartered savings bank also headquartered in Minneapolis, Minnesota, is applying to the Utah Department of Financial Institutions (the "**UDFI**") and Federal Deposit Insurance Corporation (the "**FDIC**") to convert its federal thrift charter into a state-chartered, FDIC-insured industrial bank (the "**Ameriprise IB**"), at which time AFI would then deregister as an SLHC.

AFI respectfully submits that this application is straightforward. AFI seeks merely to organize ANTB as a new limited purpose national trust bank primarily so that the existing Personal Trust Services ("**PTS**") fiduciary business of the FSB may be transferred to ANTB prior to conversion of the FSB into the new Ameriprise IB. In this way, Ameriprise may accomplish its overall restructuring goal while continuing to operate its nationwide trust business under the supervision of the OCC in a convenient and useful manner through use of a federally chartered limited purpose national trust bank. Once organized and chartered by the OCC, ANTB would continue to engage in the existing PTS fiduciary business of the FSB, meaning that while the PTS business would operate under a new ANTB charter, the physical location of the PTS business and its senior management team would not change, nor would there be any material change to the business, financial or risk profiles of that business, all of which would remain subject to supervision by the OCC.

This application includes a general description of ANTB and the role it would play upon its organization within Ameriprise, a discussion of the relevant factors applicable to the chartering of ANTB as a limited purpose national trust bank, and various public and confidential exhibits intended to supplement and support the information provided herein.

II. Description of ANTB, AFI and the Rationale for Organizing ANTB

A. Description of ANTB

The PTS business, currently operated by the FSB and which would represent the operations of ANTB upon its organization, provides trust services to over 1,200 clients with approx. [redacted] in assets under management ("**AUM**") sourced primarily through Ameriprise's financial advisor/client relationships. The PTS business consists of an experienced team of 34 employees, comprised of 25 PTS professionals who provide administrative and investment services, and nine trust operations personnel who perform account setup, maintenance and termination, cash processing and reporting functions. Ameriprise currently contemplates transferring its entire PTS business, including all employees, to ANTB.[1]

Upon its organization, ANTB would continue to conduct the PTS business and provide a number of fiduciary and related services to Ameriprise clients, including trust administration and investment management and advisory services for both revocable and irrevocable trusts, as well as accounting,

[1] As discussed below, because the transfer of the PTS business from the FSB to ANTB represents a capital distribution, the FSB expects to submit a filing to the OCC at the appropriate time as required under 12 C.F.R. § 5.55.

reporting and fiduciary management services. ANTB would provide investment advisory services not only for trusts, but also for individual trustees, associations and other non-profit organizations. ANTB would also provide custodial agency services, including investment management services for accounts. ANTB would operate its investment management program through three models currently in use by the PTS business as follows:

- Advisor-Based Investment Model. Under this model, which is the dominant model for the PTS business and would continue to be the dominant model for ANTB upon its organization, an Ameriprise Advisor,[2] presumably one with whom the trust customer has a pre-existing relationship, would participate in the process of creating a target allocation for a client and recommend products to ANTB as trustee. ANTB would retain all fiduciary responsibility, be responsible for administration of the trust, and oversee any recommendations from the Ameriprise Advisor. The applicable account fees for this service would be reviewed and approved by ANTB as part of its trust account oversight obligations, including periodic monitoring and review to ensure that no account is being charged excessive fees. ANTB's compensation would be derived from the investment and management fee approved by ANTB and consistent with guidelines set by Ameriprise Financial Service, LLC ("**AFS LLC**"). This model currently is utilized for [redacted] with approx. [redacted] in assets.

- Traditional Investment Model. Under this model, ANTB would be responsible both for administration of the trust and providing investment management services, and ANTB would charge a fee based on the value of the assets under management. If ANTB accepts a trust based upon a referral from an Ameriprise Advisor, ANTB would pay a referral fee to that advisor. The referral fee would be paid by ANTB from the fees earned for its services, and would not create an additional cost to the trust account. This model currently is utilized for [redacted] with approx. [redacted] in assets.

- Irrevocable Life Insurance Trust (the "**ILIT**") Model. Under this model, ANTB would act as trustee and manage the assets of the ILIT while the grantor clients would leverage the benefits of gifting to beneficiaries in order to minimize estate tax expenses. This model currently is utilized for [redacted] with approx. [redacted] in assets.

ANTB would not typically act under power of attorney or as an attorney in fact, nor would it typically serve as executor for estate settlement. As a limited purpose national trust bank, ANTB would also not offer lending products or receive deposits.

Currently, the PTS business of the FSB (which would represent the business of ANTB upon its organization) does not maintain any trust funds (i.e., customer cash or funds held in trust or other fiduciary accounts) or other deposits at the FSB. Instead, client trust funds are either held at the FSB's affiliated broker-dealer, AFS LLC, in a cash management or securities brokerage account, or held outside of the FSB and invested in a certificate issued by the Ameriprise Certificate Company, a registered investment company affiliate of the FSB. Once ANTB is organized and the PTS business is transferred from the FSB to ANTB, ANTB would simply continue this existing practice by placing trust and fiduciary account funds in a cash management or securities brokerage account or otherwise investing these funds in certificates issued by the Ameriprise Certificate Company.

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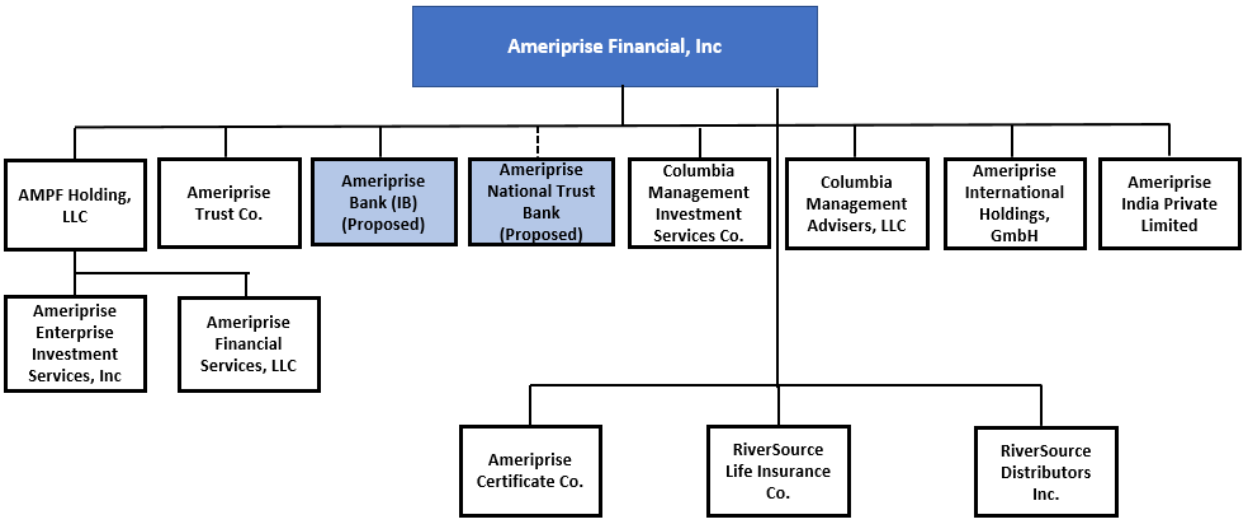
[2] Ameriprise has a network of approximately 10,000 financial advisors ("**Ameriprise Advisors**"). Approximately 2,100 Ameriprise Advisors are employees of Ameriprise, while the remaining Ameriprise Advisors operate under a franchise model.

Upon its organization, ANTB will have a relatively simple balance sheet with approximately [redacted] in total assets, approximately [redacted] in risk-weighted assets ("**RWAs**"), and approximately [redacted] in total capital. ANTB's capital would consist of approximately [redacted] in common shareholder's equity to be held by ANTB's sole shareholder, AFI, and the remaining [redacted] of paid-in capital would be maintained and invested [redacted] ANTB will be well capitalized, and in fact have a higher level of capital than the ratios defined in the OCC's regulatory capital rules, with a Tier 1 leverage ratio of [redacted] and a Tier 1 risk-based capital ratio of [redacted]. ANTB would also have capital no less than that required by state law for companies offering similar services in Minnesota and Nevada, where ANTB would exercise core fiduciary powers. For more detailed information about the pro forma capital and financial condition of ANTB, please refer to both the responses contained in question 3 of this application and the pro forma financial statements of ANTB that are attached to this application as Confidential Exhibit 1.

B. AFI and the Role of ANTB Within the Ameriprise Organization.

Upon its organization, ANTB would continue the current PTS business of the FSB and become a direct, wholly owned subsidiary of AFI. The simplified Ameriprise post-conversion organizational chart below shows AFI and certain of its key subsidiaries and also reflects both the organization of ANTB and the conversion of the FSB to Ameriprise IB.[3]

Figure 1. Simplified Post-Conversion Ameriprise Organizational Structure



AFI is a diversified financial services company that, through its insurance, investment advisory and other subsidiaries, provides financial products and services designed to be utilized as solutions for its clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. It is one of America's leaders in financial planning and advice and is a leading global financial institution with approximately [redacted] in assets under management and administration as of March 31, 2021. AFI is a publicly traded corporation (NYSE: AMP) with total consolidated assets of approximately

[3] More information about each of these subsidiaries can be found in Ameriprise's Form 10-K in its Annual Report, which is enclosed with this application as Public Exhibit 1.

[redacted] and total shareholders' equity of [redacted] as of March 31, 2021.[4] Of the company's approximately [redacted] in total consolidated assets as of March 31, 2021, [redacted] were associated with its Retirement & Protection Solutions segment, which includes the company's Retirement Solutions (Variable Annuities and Payout Annuities) and Protection Solutions (Life and Disability Insurance) businesses, and [redacted] were associated with its Corporate & Other segment, which includes the Fixed Annuities and Fixed Indexed Annuities business. As of March 31, 2021, Ameriprise had approximately 10,300 corporate employees and a network of approximately 10,000 Ameriprise Advisors located in all 50 states and the District of Columbia. Ameriprise serves over two million retail, institutional, and small business clients.

Ameriprise's mission is to help its clients feel confident about their financial future. Ameriprise offers a broad range of products and services designed to help its retail and institutional clients achieve their financial objectives. To deliver solutions to its clients, Ameriprise focuses on building long-term, personal relationships between Ameriprise Advisors and their clients. This focus on personal relationships, together with its strengths in the area of financial planning, allows AFI, through its subsidiaries, to fully address the evolving financial needs of its clients. ANTB, and its provision of fiduciary and wealth management services, would be a key part of enabling Ameriprise to address these evolving financial needs.

AFI expects that, consistent with OCC practice for trust banks that are not part of a bank holding company or SLHC, AFI would enter into a Capital and Liquidity Maintenance Agreement ("**CALMA**") or a Capital and Liquidity Support Agreement ("**CSA**") that would obligate it to inject funds to ANTB to maintain minimum capital or liquidity. AFI also expects that, under the FDIC's final rule on holding companies of industrial loan companies (including industrial banks such as Ameriprise IB), AFI would separately enter into a CALMA that would obligate it to provide capital and liquidity support to Ameriprise IB to the extent necessary under certain conditions. AFI has ample capital and funding to act as a source of strength to both ANTB and Ameriprise IB, consistent with its current obligation to act as a source of strength to the FSB (which represents the combined business of ANTB and Ameriprise IB).

C. Rationale for the Organization of ANTB.

In 2018, AFI applied to the OCC to convert its then-non-depository trust company, also called Ameriprise National Trust Bank, into a federal savings bank, and to the Board of Governors of the Federal Reserve System (the "**Federal Reserve**") to become an SLHC. These applications were filed so that AFI would be able to provide a more complete set of products and services—including certain banking products and services—to its clients. In light of recent proposed changes to how it is regulated as an SLHC,[5] however, AFI has determined that it is in the best interests of AFI and its clients to convert the

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[4] For more financial information for Ameriprise, please see its 2020 Annual Report and Form 10-K, which is enclosed as Public Exhibit 1, and its Q1 2021 Report on Form 10-Q which is enclosed as Public Exhibit 2. All of Ameriprise's recent SEC filings can be accessed at http://ir.ameriprise.com/sec-filings.

[5] Specifically, in 2019, the Federal Reserve proposed a new rule that would apply aggregate capital requirements to depository institution holding companies such as AFI that are primarily engaged in insurance activities ("**Insurance DIHCs**"). *Regulatory Capital Rules: Risk-Based Capital Requirements for Depository Institution Holding Companies Significantly Engaged in Insurance Activities*, 84 Fed. Reg. 57240 (proposed Oct. 24, 2019). The proposed rules establish the differences between insurance company capital requirements and those applicable to bank holding companies and insured depository institutions and adopt the so-called "building block approach" to aggregation of different capital requirements at the level of an Insurance DIHC. Compared to other financial services firms that AFI considers as its peers, AFI believes that it would be placed at a competitive disadvantage.

FSB to a Utah-licensed industrial bank, along with chartering ANTB as a separate federally chartered national trust bank. AFI believes this new structure would more appropriately enable Ameriprise to provide the desired mix of banking products and services (including fiduciary services) to its clients while simultaneously not placing Ameriprise at a disadvantage with respect to its competitors.

AFI has had discussions with staff of the UDFI and the FDIC, as well as with its current federal banking supervisors, the Federal Reserve and the OCC, about the proposed conversion of the FSB to Ameriprise IB[6] and the organization of ANTB, and the FSB has, concurrent with this application, applied to the UDFI and FDIC to convert its charter from that of a federal savings bank to that of a Utah industrial bank.[7] Utah law does not, however, permit an industrial bank to exercise fiduciary powers, and not all state laws provide reciprocity with other states with respect to the provision of trust services by state-licensed trust companies organized under the laws of another state. Because of these restrictions and in order to best facilitate the ongoing offering of personal trust services to Ameriprise clients, Ameriprise has determined to both separate the existing PTS business from the FSB prior to its conversion to Ameriprise IB and transfer that business to ANTB, a separate, newly organized national trust bank, which would be a direct, wholly owned subsidiary of AFI. This structure represents the most practical and efficient way for Ameriprise to both continue to operate and grow its nationwide trust business. Ameriprise also believes the FSB has maintained a strong supervisory relationship with the OCC, and that the OCC's familiarity with the PTS business that will operate within ANTB further supports its decision to organize ANTB.

Once Ameriprise receives conditional approval from the OCC to organize ANTB as a national trust bank, it would complete pre-opening requirements, such as establishing ANTB as a legal entity, filing articles of association and bylaws for ANTB, formally appointing the board of directors of ANTB, and satisfying other organizational, pre-opening, and/or conditional approval requirements. AFI also understands that ANTB may be required enter into an operating agreement with the OCC establishing minimum requirements for the operation of ANTB, and as mentioned above that the OCC may require AFI and/or ANTB to enter into a CALMA and/or CSA to inject funds into ANTB and to maintain its minimum levels of capital or liquidity.

Ameriprise would transfer the PTS fiduciary business from the FSB to ANTB on Day 1 of ANTB opening, which would occur after: (i) ANTB receives final approval of its charter from the OCC; (ii) ANTB has informed the OCC that it is opening; and (iii) the FSB makes the appropriate filing with the OCC to transfer the PTS fiduciary business from the FSB to ANTB. The FSB would then convert to a Utah industrial bank after: (a) the FSB receives approval of its conversion from the UDFI and FDIC; (b) the transfer of the PTS fiduciary business to ANTB is complete; and (c) the FSB terminates its status as a federal savings association pursuant to 12 C.F.R. § 5.25.[8] Once the FSB has converted into a Utah industrial bank, AFI would then deregister as an SLHC.

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[6] To effect the conversion of the FSB to Ameriprise IB, the FSB must receive approval from the UDFI pursuant to Section 7-1-713 of the Utah Code and receive approval from the FDIC pursuant to Section 5(i)(5) of the Home Owners' Loan Act.

[7] The FSB's application to the UDFI and FDIC related to this conversion is attached hereto as Confidential Exhibit 15.

[8] While the conversion of the FSB to the Ameriprise IB and the organization of ANTB are expected to occur contemporaneously and as closely in time as possible (possibly on the same day), it may be that for a very short period of time, a day or two, AFI would control both ANTB and the FSB. In all cases and at all times,

III. Conclusion

For the foregoing reasons, AFI respectfully requests that the OCC approve the organization of ANTB as a limited purpose national trust bank under 12 C.F.R. § 5.20 and approve the request for the same to exercise fiduciary powers under 12 C.F.R. § 5.26.

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however, both ANTB and the FSB would be and remain well capitalized pursuant to the OCC's applicable regulatory capital standards.

INTERAGENCY CHARTER AND FEDERAL DEPOSIT INSURANCE APPLICATION

(Check all appropriate boxes.)

Type of Charter
X National Bank
☐ State Bank
☐ Federal Savings Bank or Association
☐ State Savings Association
☐ Other

Chartering Agency
X Comptroller of the Currency
☐ State

Special Focus
☐ Community Development
☐ Cash Management
X Trust
☐ Bankers' Bank

Type of Insurance Application
X De Novo
☐ Operating Noninsured Institution
☐ Other

☐ Credit Card ☐ Non-CEBA ☐ CEBA
☐ Other

For OCC: Standard Expedited

Federal Reserve Status
☐ Member Bank
X Nonmember Bank

Proposed Depository Institution (institution)
Name Ameriprise National Trust Bank
Street 707 Second Ave South City Minneapolis State MN Zip 55402

Holding Company Identifying Information (if applicable)
Name Ameriprise Financial, Inc.
Street 707 Second Ave South City Minneapolis State MN Zip 55402

Contact Person
Name Jason Solomon
Title/Employer Vice President and Chief Counsel/Ameriprise National Trust Bank
Street One World Trade Center City New York State NY Zip 10007
Phone # 212-437-8672 Fax # 212-437-8666 Email address jason.s.solomon @ampf.com

Name Luigi L. De Ghenghi
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1. Overview

(a) Provide a brief overview of the application. The overview should describe the institution's business and any special market niche, including the products, market, services, and any nontraditional activities.

For an overview of the application, including a description of ANTB's business and its products, market, services and activities, please refer to Section II of the General Statement above.

(b) Describe any issues about the permissibility of the proposal with regard to applicable state or federal laws or regulations. Identify any regulatory waiver requests and provide adequate justification.

AFI does not believe that it would be impermissible under either state or federal law or regulations to organize ANTB or for ANTB to exercise fiduciary powers. There should be no issues regarding permissibility of the activities of ANTB because ANTB would merely continue the existing fiduciary activities of the PTS business that are currently conducted in the FSB.

Specifically with respect to the transfer of the PTS business and its fiduciary accounts from the FSB to ANTB, Minnesota Statute § 48A.10 permits ANTB to be substituted as a fiduciary in place of its affiliate, the FSB. To accomplish this substitution, ANTB will file an application with the Hennepin County district court requesting that it be substituted in every personal trust fiduciary capacity held by the FSB pursuant to subdivisions 1 and 3 of Minnesota Statute § 48A.10. The FSB will join in the application, and ANTB will specify the date on which that substitution is to become effective.

The Court will set a time for the hearing and notice will be published for two consecutive weeks with second publication not less than 10 days prior to the hearing pursuant to Minnesota Statute § 48A.10, subd. 2. Once the Court grants the application, ANTB will then be required to have a copy of the order recorded in each county where a fiduciary account holds title to real property.

Upon the effective date of the Court's order substituting ANTB as fiduciary in place of the FSB, its affiliate, the FSB will deliver to ANTB all personal trust fiduciary assets held by the FSB. ANTB and the FSB will also account jointly for the accounting period in which such substitution occurs pursuant to subdivision 5 of Minnesota Statute § 48A.10.

In connection with organizing ANTB and as described in detail in the response to question 2(a) and 2(b) below, AFI will cause five directors to be appointed to the board of ANTB. AFI hereby requests multiple waivers from the residency requirements contained in 12 U.S.C. § 72 for a majority of the members of the board of directors of ANTB. In accordance with the requirements set forth in the OCC's Director Waivers manual, a discussion of the qualifications and experience of the proposed directors and how they support the business plan goals and the safety and soundness of ANTB is provided in the Residency Waiver Request attached hereto as Confidential Exhibit 2.

(c) List and provide a copy of all applications filed in conjunction with this proposal, such as applications for holding company, trust powers, branch offices, service corporations, and other subsidiaries.

As set forth in Public Exhibit 4 attached hereto, because it would be a national trust bank and engage in fiduciary activities, ANTB is seeking to obtain the prior approval of the OCC pursuant to 12 C.F.R. § 5.26 to exercise fiduciary powers. Additionally and in connection with the proposed organization of ANTB, AFI or the FSB are also filing: (i) an application with the UDFI pursuant to Section 7-1-713 of the Utah Code to convert the FSB's charter from that of a federal savings bank to a Utah industrial bank; (ii) an application to the FDIC pursuant to Section 5(i)(5) of HOLA for the FSB to convert to a state bank; (iii) a notice of termination to the OCC by the FSB of its status as a federal savings association pursuant to 12 C.F.R. § 5.25; (iv) a request to the OCC under 12 C.F.R. § 5.55 to transfer the assets of the PTS business from the FSB to ANTB as a capital distribution; and (v) a notice to the Federal Reserve that AFI would deregister as an SLHC.

Please refer to Confidential Exhibit 15 attached hereto for the applications referred to in (i), (ii) and (iii) above; AFI will provide the OCC will copies of all other applications as applicable once they have been submitted to the relevant regulators.

(d) When available, provide a copy of all public or private offering materials and the proposed form of stock certificate, including any required restrictive legends.

The proposed form of stock certificate of ANTB will be provided to the OCC when available, and the stock certificate for ANTB is expected to be substantially similar to that of the FSB.

(e) Provide a copy of the proposed articles of association, articles of incorporation, or charter, and proposed bylaws.

Please refer to Confidential Exhibits 3 and 4 attached hereto for the proposed Articles of Association and Bylaws of ANTB.

(f) Provide a copy of the business plan. The business plan should address, at a minimum, the topics contained in the appropriate regulatory agency's Business Plan Guidelines.

Please refer to Confidential Exhibit 5 attached hereto for the Business Plan of ANTB.

2. Management

(a) Provide a list of the organizers, proposed directors, senior executive officers, and any individual, or group of proposed shareholders acting in concert, that will own or control 10 percent or more of the institution's stock. For each person listed, attach an Interagency Biographical and Financial Report, a fingerprint card, and indicate all positions and offices currently held or to be held with the institution's holding company and its affiliates, if applicable. Include the signed "Oath of Director" for each proposed director. For an FSA filing, provide a RB 20a Certification for each person listed.

ANTB would be a direct wholly owned subsidiary of AFI, meaning that no person other than AFI would own 10% or more of ANTB's stock. Instead of owning shares of ANTB, each proposed director

of ANTB is expected to own in his or her own right common or preferred shares of AFI (the holding company of ANTB) in an amount that has a value not less than $1,000, in satisfaction of the director qualification requirements under 12 U.S.C. § 72 and 12 C.F.R. § 7.2005.

Like the FSB currently, ANTB will be managed by directors and officers that have the collective experience and perspectives necessary to effectively oversee ANTB and have been selected based on expertise, demonstrated performance, knowledge of laws, rules, and regulations, and an ability to fulfil their obligations in a prudent manner. The directors of ANTB would be well diversified and composed of individuals with a mix of knowledge and expertise in line with ANTB's size, strategy, risk profile, and complexity. Responsibility for ANTB and its fiduciary business will reside with the board of directors of ANTB who will manage its fiduciary activities, consistent with any assignation the board of directors may make to any director, officer, employee, or committee thereof. Each director of ANTB would be willing and able to exercise independent judgment and provide credible challenge to management decisions and recommendations, based on their background, knowledge, and experience in banking and other businesses and consistent with avoidance of conflict of interests.

ANTB would initially have five directors, and consistent with OCC expectations regarding an appropriate mix of "inside" and "outside" directors at least 40% of the board of directors of ANTB will be independent and not employees of ANTB. One of the directors of ANTB, Abu M. Arif, would also be appointed as ANTB's President and Chief Executive Officer. Each proposed director will provide a signed "Oath of Director" prior to the time that they are appointed to the board of directors of ANTB. The following individuals are the proposed directors of ANTB:

- Joseph Sweeney, Internal Director (Chairman)
- Abu M. Arif, Internal Director
- Keith Barber, Independent Director
- Brian J. McGrane, Internal Director
- Paige Winebarger, Independent Director

ANTB's senior executive officers would be selected using criteria substantially similar to that used for its board of directors, meaning that these individuals would be a competent management team and have demonstrated sufficient relevant banking experience to operate a bank successfully. This management team would include high-caliber executive officers with the relevant experience necessary to implement the proposed business plan and to exercise corrective action in response to changing internal and external factors. The following individuals are the proposed senior management team of ANTB:

- Abu M. Arif, President and Chief Executive Officer
- Nancy Anderson, Vice President and Head of Personal Trust Wealth Strategies
- Paul Tava, Vice President and Chief Risk Officer
- Jason Bartylla, Vice President and Chief Financial Officer
- James Thvedt, Vice President and Chief Compliance Officer

- Thor Nelson, BSA/AML Officer
- Jason Solomon, Vice President and Chief Counsel
- Amy Roelofs, Vice President, Human Resources
- Ryan Macomb, Vice President, Technology
- Haris Kahn, Director, Trust Operations
- Nate Zeller, Director, Trust Investments
- Devin Waterman, Senior Manager, Trust Platform Development
- Ryan Burns, Senior Vice President and General Auditor

All of these individuals have the experience to appreciate and evaluate the ANTB business, are well-known to the OCC because of their current service as directors or senior executive officers of the FSB, and will help maintain continuity for oversight of ANTB's business and operations.[9]

In addition to the individuals identified above, the senior executive officers of ANTB would also include a Director, Trust Administration. Ameriprise is currently in the process of identifying qualified candidates for this position and will update the OCC if and when an individual is offered and accepts an offer of employment for this position.

Certain proposed directors or senior executive officers of ANTB would also hold positions or offices with AFI or other Ameriprise entities as described in Confidential Exhibit 6 attached hereto. The ANTB board of directors and management will perform adequate monitoring with respect to hiring, training, activities, reporting and expertise of any dual employees, and any potential conflicts of interest will be mitigated by an annual acknowledgement of the ANTB Code of Conduct (which will be adapted from the AFI Code of Conduct). Any individual serving as a director, senior executive officer, or employee of ANTB and another Ameriprise entity, including the FSB and Ameriprise IB (upon the conversion of the FSB), will be bound by this code. Additionally, all master services personnel sharing agreements for Ameriprise will require all work performed on behalf of ANTB to be done in the best interest of ANTB. If any known or perceived conflict is identified, the conflict would be addressed and alternative solutions regarding responsibilities or roles would be identified and executed.

(b) Describe each proposed director's qualifications and experience to serve and oversee management's implementation of the business plan. Describe the extent, if any, to which directors or major stockholders are or will be involved in the day-to-day management of the institution. Also list the forms of compensation, if any.

A description of the qualifications of the proposed directors of ANTB, as well as their experience to serve and oversee management's implementation of the business plan, and their involvement (if any)

[9] Nancy Anderson is a new hire and, assuming all pre-employment background checks and other administrative matters are completed, Ms. Anderson is expected to begin her employment at the FSB beginning June 7, 2021. Ms. Anderson would continue her employment at ANTB upon its organization.

in the day-to-day management of ANTB is attached hereto as Public Exhibit 5. A description of their compensation is attached hereto as Confidential Exhibit 7.

(c) Provide a list of board committees and members.

The ANTB board of directors will have two board committees, the ANTB Fiduciary Committee and the ANTB Audit and Risk Committee:

ANTB Fiduciary Committee

The Fiduciary Committee's primary purpose will be to provide assistance to the ANTB board of directors by managing, controlling and overseeing the exercise of fiduciary powers by ANTB. ANTB's management is responsible for the day-to-day fiduciary activities of ANTB. The ANTB Fiduciary Committee will oversee management's conduct of these activities by discharging its related responsibilities set forth in the Charter.

The ANTB Fiduciary Committee will be chaired by Paige Winebarger. Its other member will be Abu M. Arif.

ANTB Audit and Risk Committee

The Risk function of the Committee's primary purposes will be to provide assistance to the board of directors of ANTB by: (i) overseeing those policies, procedures, activities and processes of the enterprise risk management program that are designed to identify, measure, monitor, and control the direct and indirect risks of ANTB; (ii) monitoring ANTB's compliance with applicable laws and regulations, including those related to ANTB's fiduciary activities, and the compliance by ANTB's officers and employees with applicable codes of conduct; (iii) overseeing certain ANTB finance and capital matters; and (iv) reviewing actions taken with respect to any matters related to the Committee's responsibilities and requiring Board or Committee attention, as contained in any regulatory agency report of examination, audit report, or court decision.

The Audit function of the Committee's primary purposes will be to provide assistance to the board of directors by monitoring: (i) the integrity of the financial statements of ANTB; (ii) any independent auditors' qualifications and independence; and (iii) the performance of ANTB's internal audit function and, as applicable, external auditors.

ANTB's management is responsible for the day-to-day risk management of ANTB, including the identification, assessment, monitoring, and control of ANTB's material risk exposures. The ANTB Audit and Risk Committee oversees management's performance of these functions by discharging its related responsibilities. The ANTB Audit and Risk Committee also will function as the Fiduciary Audit Committee of ANTB as contemplated under 12 C.F.R. § 9.9(c).

The ANTB Audit and Risk Committee will be chaired by Keith Barber. Its other members will be Paige Winebarger, Joseph Sweeney, and Brian J. McGrane.

(d) Describe any plans to provide ongoing director education or training.

The proposed directors of ANTB are knowledgeable about the laws, rules and regulations applicable to ANTB and have extensive work experience with a variety of financial institutions,

including banks and the exercise of fiduciary powers. In order to supplement their knowledge of the laws, rules and regulations applicable to national trust banks, ANTB will establish, or identify and provide access to, appropriate orientation programs, seminars or materials intended to educate its directors prior to, or within a reasonable period of time following, the grant of the charter.

ANTB will provide all directors, both existing and newly elected or appointed, with access to continuing education opportunities and training in such areas as may be necessary to permit the directors and management to perform their duties in compliance with all applicable laws and to operate a national trust bank in a safe and sound manner, consistent with corporate policy and, with respect to the directors, the expectations set forth in the OCC's The Directors Book: The Role of a National Bank Director. ANTB will reimburse directors, as appropriate, for reasonable expenses relating to director education programs. Directors will receive appropriate training and instruction, as necessary, concerning the legal and regulatory requirements that will apply to ANTB. Furthermore, management will periodically gather and circulate pertinent banking literature to keep directors and one another abreast of regulatory developments and industry trends.

(e) Describe each proposed senior executive officer's duties and responsibilities and qualifications and experience to serve in his/her position. If a person has not yet been selected for a key position, list the criteria that will be required in the selection process. Discuss the proposed terms of employment, including compensation and benefits, and attach a copy of all pertinent documents, including an employment contract or compensation arrangement. Provide the aggregate compensation of all officers.

A description of the duties and responsibilities, qualifications, and experience for each proposed senior executive officer of ANTB, as well as a copy of all pertinent documents and criteria that will be required in the selection process for any open key position, is attached hereto as Public Exhibit 5. A description of their compensation is attached hereto as Confidential Exhibit 7.

Nancy Anderson (Vice President – Head of Personal Trust Wealth Strategies), Haris Khan (Director – Trust Operations), Nate Zeller (Director – Trust Operations), Devin Waterman (Senior Manager – Trust Platform Development), and Open (Director – Trust Administration) will all be employed by ANTB and will not have any other employment relationship within the Ameriprise organization. Other than the five individuals noted above, none of the senior executive officers or key management staff of ANTB will enter employment contracts with ANTB, and instead these individuals will have employment contracts with AFI itself and perform duties both for ANTB and for other Ameriprise entities as described in the response to question 2(a) above.

(f) Describe any potential management interlocking relationships (12 U.S.C. 1467a(h)(2), 3201-3208, or applicable state law) that could occur with the establishment or ownership of the institution. Include a discussion of the permissibility of the interlock with regard to relevant law and regulations or include a request for an exemption.

No potential management interlocking relationships with unaffiliated depository organizations have been identified or are expected to result from the establishment or ownership of ANTB.

(g) Describe any potential conflicts of interest.

No potential conflicts of interest have been identified or are expected to result from the establishment of ANTB.

(h) Describe any transaction, contract, professional fees, or any other type of business relationship involving the institution, the holding company, and its affiliates (if applicable), and any organizer, director, senior executive officer, shareholder owning or controlling 10 percent or more, and other insiders. Include professional services or goods with respect to organizational expenses and bank premises and fixed asset transactions. (Transactions between affiliates of the holding company that do not involve the institution need not be described).

1) State whether the business relationship is made in the ordinary course of business, is made on substantially the same terms as those prevailing at the time for comparable transactions with non-insiders, and does not present more than the normal risk of such transaction or present other unfavorable features.

In addition to the proposed director and employment relationships discussed in response to Question 2.a above, certain officers and directors of ANTB would also hold similar positions with Ameriprise IB and/or other affiliates of ANTB. ANTB is also expected to be party to a master services agreement with AFS LLC, pursuant to which AFS LLC, through its advisors, markets ANTB products and services to Ameriprise clients, as well as other intercompany service agreements whereby AFI or other entities within the Ameriprise organization provide and/or receive services and/or share costs related to such services. For a description of these service agreements, please refer to the draft Business Plan of ANTB attached hereto as Confidential Exhibit 5. Consistent with the requirements of Sections 23A and 23B of the Federal Reserve Act and Regulation W, as well as ANTB's Transactions with Affiliates Policy, AFI confirms that any applicable business relationships would be in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliates/non-insiders, and would not present more than the normal risk of such transactions or other unfavorable features.

Other than the ordinary course director and employment relationships and intercompany service agreements summarized above, no inside transactions (i.e., a transaction, contract, professional fees, or any other type of business relationship involving the institution, the holding company, and its affiliates (if applicable), and any organizer, director, senior executive officer, shareholder owning or controlling 10 percent or more, and other insiders) have been identified or are expected to result from the establishment of ANTB.

2) Specify those organizers that approved each transaction and whether the transaction was disclosed to proposed directors and prospective shareholders.

Any director or employment relationship, or any intercompany service agreement referenced above, would have been or be disclosed and, as applicable, approved by AFI, as sponsor and sole shareholder of ANTB, at the time it was or is entered into.

3) Provide all relevant documentation, including contracts, independent appraisals, market valuations, and comparisons.

Any compensation arrangement or intercompany service agreement referenced above would have been or be entered into after considering appropriate external market valuations and comparisons, including with respect to intercompany services agreements by reference to a benchmark pricing analysis to validate internal transfer pricing and otherwise comply with the requirements of Regulation W.

(i) Describe all stock benefit plans of the institution and holding company, including stock options, stock warrants, and other similar stock-based compensation plans, for senior executive officers, organizers, directors, and other insiders. Include in the description:

1) The duration limits.

2) The vesting requirements.

3) Transferability restrictions.

4) Exercise price requirements.

5) Rights upon termination.

6) Any "exercise of forfeiture" clause.

7) Number of shares to be issued or covered by the plans.

Provide a list of participants, allocation of benefits to each participant, and a copy of each proposed plan. (Plans must conform to applicable regulatory guidelines.)

ANTB is expected upon its organization to participate in the existing stock benefits and related plans of Ameriprise. A description of the stock benefit plans of ANTB and AFI, including stock options, stock warrants, and other similar stock-based compensation plans, for senior executive officers, organizers, directors and other insiders, is attached hereto as Confidential Exhibit 8. This description addresses among other things duration limits, vesting requirements, transferability restrictions, exercise price requirements, rights upon termination, number of shares to be issued or converted by the plans, and a list of participants in and allocation of benefits, as well as a copy of each proposed plan.

The 2005 Incentive Compensation Plan, attached hereto as Public Exhibit 6, which was amended and approved by shareholders on April 30, 2014, provides for the grant of cash and equity incentive awards to directors, employees and independent contractors, including stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance shares and similar awards designed to comply with the applicable federal regulations and laws of jurisdiction. Under the 2005 Incentive Compensation Plan, a maximum of 54.4 million shares may be issued. Of this total, no more than 4.5 million shares may be issued after April 30, 2014 for full value awards, which are awards other than stock options and stock appreciation rights. Shares issued under the 2005 Incentive Compensation Plan may be authorized and unissued shares or treasury shares. In addition, the 2007 Long-Term Incentive Award Program Guide can be found as part of Ameriprise's 10-Q in Public Exhibit 2.

3. Capital

(a) For each class of stock, provide the number of authorized shares, the number of shares to be issued, par value, voting rights, convertibility features, liquidation rights, and the projected sales price per share. Indicate the amount of net proceeds to be allocated to common stock, paid-in surplus, and other capital segregations.

ANTB is expected to be authorized to issue [redacted] shares of a single class of common stock, and such shares would have a par value of [redacted] and provide typical voting and liquidations rights. It is not expected that ANTB would be authorized to issue preferred or other classes of shares, and therefore the common stock would not provide convertibility features. As a result of issuing these shares, ANTB will have capital of approximately [redacted] in common shareholder's equity to be held by ANTB's sole shareholder, AFI, and the remaining [redacted] of paid-in capital would be maintained and invested [redacted]

(b) Describe any noncash contributions to capital, and provide supporting documents for assigned values, including an independent evaluation or appraisal.

As shown in the pro forma financial statements of ANTB attached hereto as Confidential Exhibit 1, ANTB will receive a [redacted] cash contribution from AFI that will represent the capital of ANTB upon its organization. There will not be any noncash contributions to ANTB's capital.

(c) Discuss the adequacy of the proposed capital structure relative to internal and external risks, planned operational and financial assumptions, including technology, branching, and projected organization and operating expenses. Present a thorough justification to support the proposed capital, including any off-balance-sheet activities contemplated. Describe any plans for the payment of dividends.

The proposed capital of ANTB would consist of [redacted] and the capital structure would consist of approximately [redacted] in common shareholders equity to be held by ANTB's sole shareholder, AFI, and the remaining [redacted] of paid-in capital would be maintained and invested [redacted]. As discussed below, AFI believes that the proposed capitalization and capital structure of ANTB relative to its internal and external risks and planned operations and financial assumptions is more than sufficient to support the operations of ANTB as contemplated in its Business Plan.

In determining an appropriate amount of capital for ANTB, AFI considered the OCC's guidance regarding capital and liquidity of national trust banks, including that regulatory capital ratios are generally not optimal measures of capital adequacy for a national trust bank because the risks posed by off-balance sheet asset management activities are not captured in capital ratio calculations.[10] Therefore, AFI evaluated the appropriate amount of capital after considering the composition, stability and direction of expected revenue, the level and composition of expected expenses, the expected

[10] *See* OCC, Supervision of National Trust Banks: Revised Guidance: Capital and Liquidity, OCC Bulletin 2007-21 (June 26, 2007). Under the U.S. Basel III capital rules finalized in 2013, RWAs for operational risk are calculated only under the advanced approaches for calculating RWAs, not the standardized approaches. The advanced approaches would not be applicable to ANTB.

quality of risk management processes, as well as external factors such as economic conditions, competition, and evolving technology.

AFI recognizes that the capital of a national trust bank should support its risk profile, business strategies and future growth prospects to provide a cushion against unexpected losses, and the level of capital should be commensurate with the size, complexity, and corresponding risks of the business of the national trust bank. Like many trust banks, a substantial portion of the risks faced by ANTB will be off-balance sheet operational risk. To help manage and address this risk and in addition to applying robust risk management policies, ANTB will participate in Ameriprise's Risk Event program where it will document any operational risk events[11] that occur, including recoveries. Based on historical experiences of Ameriprise and the PTS business specifically, Ameriprise believes that [redacted] in capital would be more than sufficient to cover any operational risk losses that ANTB may incur. Furthermore, while increases of decreases in asset levels at ANTB could result in changes to revenue over time, ANTB is expected to experience continued account growth over the next three years, which is expected to in turn provide additional revenue stability for ANTB even if markets decline.

AFI has prepared pro forma financial projections for ANTB based on the existing PTS business line of the FSB, which would represent the business of ANTB upon its organization. Based on these projections, which are attached hereto as Confidential Exhibit 1, ANTB would have a relatively simple and straightforward balance sheet with approximately [redacted] in total assets, approximately [redacted] in RWAs, and approximately [redacted] in total capital. ANTB's capital would consist of approximately [redacted] in common shareholders equity to be held by ANTB's sole shareholder, AFI, and the remaining [redacted] of paid-in capital would be maintained and invested [redacted]. As a result, ANTB will be well capitalized and have a higher level of capital than the ratios defined in the OCC's regulatory capital rules, with a Tier 1 leverage ratio of [redacted] and a Tier 1 risk-based capital ratio of [redacted]. The proposed capital of ANTB would also be many multiples of the capital required by state law for companies offering similar services in Minnesota and Nevada, where ANTB would exercise core fiduciary powers.[12] AFI also expects that, consistent with OCC practice for trust banks that are not part of a bank holding company or SLHC, AFI would enter into a CALMA or CSA that would obligate it to inject funds to ANTB to maintain minimum capital or liquidity. AFI has and will retain ample capital and funding to act as a source of strength to ANTB.

As a *de novo* chartered national trust bank, it is not currently contemplated that ANTB would pay any dividends. ANTB's charter would permit it to pay dividends when, as and if authorized by its board of directors, and any dividends paid by ANTB would be subject to approval by the OCC as applicable.

(d) List all known subscribers to stock. For organizers, directors, 10 percent shareholders, senior executive officers, and other insiders, include the number of shares and anticipated

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[11] Under the Ameriprise Risk Event program, risk events are defined as an event where there has been a failure of processes, controls, systems, people, or external factors that has or could have resulted in a financial, business, client, regulatory, or reputational impact for Ameriprise or its clients. With respect to the current PTS business (which would represent the business of ANTB upon its organization), [redacted]

[12] For example, Minnesota state law required Minnesota state-chartered banks to have $250,000 in minimum capital, and ANTB's proposed capital of [redacted] would be [redacted] that amount.

investment and the amount of direct and indirect borrowings to finance the investment. Discuss how any debt will be serviced.

Upon its organization, ANTB would be 100% owned by AFI, meaning that AFI would be the sole subscriber of stock of ANTB.[13]

(e) List recipients and amounts of any fees, commissions, or other considerations in connection with the sale of stock.

There will not be any fees, commissions or other considerations in connection with the sale of ANTB's stock.

(f) Indicate whether the institution plans to file for S Corporation tax status.

ANTB does not plan to file for S Corporation tax status.

4. Convenience and Needs of the Community

NOTE: This information must be consistent with the proposed business plan.

(a) Market Characteristics

1) Define the intended geographical market area(s). Include a map of the market area, pinpointing the location of proposed bank's offices and offices of competing depository institutions.

The wealth management market is a national market and is not limited geographically to any particular geographic area of the United States. Consequently, ANTB intends to follow the existing approach of the PTS business and target the offering of its products to Ameriprise's current and prospective clients in all 50 states and the District of Columbia. Ameriprise currently serves over two million wealth management clients who rely upon approximately 10,000 Ameriprise Advisors with respect to their financial and retirement planning needs. Ameriprise's clients live in all 50 states and the District of Columbia, and are generally considered to be "mass affluent" or "affluent" households (defined as households with investable assets of more than $100,000), although Ameriprise serves customers in its mass segment (defined as households with investable assets of less than $100,000) as well. The mass affluent and affluent consumer segment is the fastest-growing wealth segment and controls almost half of all investable assets in the United States. Based on current economic forecasts set forth herein, it is anticipated that the number of affluent and mass affluent households will continue to grow during the three-year period covered by the Business Plan. Based on Ameriprise's experience, this growing group of households has significant financial concerns and needs, including cash management, savings, borrowing, estate tax minimization, financial management, and other needs.

[13] As described in response to Question 2.a above, each director of ANTB is not expected to own shares of ANTB itself, but instead to own in his or her own right common or preferred shares of AFI in an amount that has a value of not less than $1000 in satisfaction of the director qualification requirements under 12 U.S.C. § 72 and 12 C.F.R. § 7.2005.

ANTB anticipates that most of its customers will be those who already have a relationship with Ameriprise. ANTB may, however, at the appropriate time and consistent with the development of broader enterprise strategies, market products and services to non-Ameriprise customers.

Please refer to Public Exhibit 3 attached hereto for a map pinpointing the location of ANTB's proposed offices in Minneapolis, MN and Las Vegas, NV and the offices of competing depository institutions within the local area.

2) Describe the competitive factors the institution faces in the proposed market and how the institution will address the convenience and needs of that market to maintain its long-term viability.

ANTB will serve an affluent and aging customer segment that has growing needs for trust and other fiduciary services to meet their legacy planning requirements for transfer of wealth to the next generation and other charitable causes. This creates significant market potential for ANTB to capitalize on. Additionally, ANTB will have access to Ameriprise's more than two million client base and approximately 10,000 Ameriprise Advisors to help market its services and capabilities and help fully address the evolving financial needs of its clients and meet their financial objectives.

Please refer to Section III.D of the Business Plan contained in Confidential Exhibit 5 for a more detailed discussion of the competitive factors ANTB would face and how ANTB will address the convenience and needs of that market to maintain its long-term viability.

3) Discuss the economic environment and the need for the institution in terms of population trends, income, and industry and housing patterns.

The long-term economic outlook for the personal trust industry is positive, and Ameriprise's existing client base of more than two million clients provides substantial opportunity for growing the ANTB business. Two primary trends continue to drive its expansion: a rapidly aging population requiring trust and estate planning services and an increasing number of high net worth households. The recent average new account size for the trust business was just under $1 million. As of March 31, 2021 the PTS business line of the FSB (which will represent the business of ANTB upon its organization) had approximately [redacted] in AUM.

More broadly, the mass affluent and affluent customer base, from which Ameriprise and upon organization ANTB would draw most of its clients, includes approximately 29.7 million U.S. households. The majority of consumers in this target market are couples over 50 and are either without children or empty nesters. They tend to be college-educated, many with advanced degrees, and have a high level of home ownership. Ameriprise believes that this population segment will continue to require significant fiduciary and other investment options to help achieve their evolving financial goals and objectives, and that the fiduciary options to be provided by ANTB is a necessary part of establishing a successful, long-term personal relationship with these individuals.

(b) Community Reinvestment Act (CRA) Plan
NOTE: The CRA Plan must be bound separately.

1) Identify the assessment area(s) according to the CRA regulations.

The CRA, including a requirement to have a CRA Plan, would not apply to ANTB as an uninsured national trust bank.

2) Summarize the performance context for the institution based on the factors discussed in the CRA regulations.

Please see response to question 4.b.1 above.

3) Summarize the credit needs of the institution's proposed assessment area(s).

Please see response to question 4.b.1 above.

4) Identify the CRA evaluation test under which the institution proposes to be assessed.

Please see response to question 4.b.1 above.

5) Discuss the institution's programs, products, and activities that will help meet the existing or anticipated needs of its community(ies) under the applicable criteria of the CRA regulation, including the needs of low- and moderate-income geographies and individuals.

Please see response to question 4.b.1 above.

5. Premises and Fixed Assets

(a) Provide a physical description for permanent premises and discuss whether they will be publicly and handicapped accessible. Indicate the level and type of property insurance to be carried.

The permanent premises for the main office of ANTB will, along with other operations of Ameriprise, be located in AFI's corporate headquarters at 707 Second Ave South, Minneapolis, MN 55402.

The building is accessible to the public during normal business hours. It is generally accessible via ground floor entrances from 6:00 a.m. to 6:00 p.m. Monday through Friday. It is also accessible via the skyway entrances from 6:00 a.m. to 10:00 p.m. Monday through Friday, 8:00 a.m. to 8:00 p.m. on Saturday, and 12:00 p.m. to 6:00 p.m. on Sunday. Due to the COVID-19 pandemic, public accessibility is currently temporarily reduced to 6:00 a.m. to 6:00 p.m., Monday through Friday, and the building is closed to the public on Saturday and Sunday. The building has public lobbies on the first and second floors with secured access going into the tower for Ameriprise employees only. The security desk in the lobby is staffed 24 hours a day, seven days a week, and the ground floor and skyway doors to the building are locked outside of normal open hours. The building is handicapped accessible, as are the entry gates into the building's secured space.

The Minneapolis premises are covered under Ameriprise's property insurance policy. [redacted]

ANTB will also occupy a Las Vegas trust office located at 3883 Howard Hughes Parkway, Las Vegas, NV 89169. This building, which is a Class-A professional office building with multiple tenants and on-site property management, has controlled access and is also handicapped accessible. The Las Vegas premises are also covered by Ameriprise's property insurance policy. [redacted]

(b) If the permanent premises are to be purchased, provide name of seller, purchase price, cost and description of necessary repairs and alterations, and annual depreciation. If the premises are to be constructed, provide the name of the seller, the cost of the land, and the construction costs. Indicate the percentage of the building that will be occupied by the bank. Provide a copy of the appraisal.

The proposed permanent premises of ANTB are already existing, serve as the permanent premises of the FSB and other Ameriprise entities, and will not need to be purchased.

ANTB would occupy approximately 0.6% of the premises in Minneapolis, Minnesota, and the premises are otherwise wholly-occupied by Ameriprise.

ANTB would occupy approximately 0.6% of the premises in the Las Vegas, Nevada building. Ameriprise occupies 15.03% of the building, meaning that ANTB would occupy approximately 0.1% of the entire building.

(c) If the permanent premises are to be leased, provide name of owner, terms of the lease, and cost and description of leasehold improvements. Provide a copy of the proposed lease when available.

[redacted]

[redacted]

(d) If temporary quarters are planned, provide a description of interim facility, length of use, lease terms, and other associated commitments and costs.

Because the proposed permanent premises of ANTB already exist and are occupied by the FSB and PTS business, temporary quarters will not be required.

(e) State whether proposed premises and fixed asset expenditures conform to applicable statutory limitations.

ANTB will be in compliance with 12 U.S.C. § 371d and 12 C.F.R. §§ 5.37 and 7.1000 regarding investment limits in bank premises. Those provisions require that the amount invested by a national bank in its premises not exceed its total capital unless specific approval of the OCC is obtained, and ANTB will not hold any investments in premises or fixed assets.

(f) Outline the security program that will be developed and implemented, including the security devices.

[redacted] NTB will comply from its first day of operations with all applicable regulatory requirements related to security devices and procedures, including as applicable the requirements of 12 C.F.R. Part 21, Subpart A.

(g) Discuss any significant effect the proposal will have on the quality of the human environment. Include in the discussion changes in air and/or water quality, noise levels, energy consumption, congestion of population, solid waste disposal, or environmental integrity of private land within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, et seq.

The proposed organization of ANTB, which will operate from existing Ameriprise offices, will not involve the building or establishment of any new structures or have any significant effect described in this question.

(h) Describe any plan to establish branches or relocate the main office within the first three years. Any acquisition or operating expenses should be reflected in the financial projections.

As described in the proposed Business Plan of ANTB contained in Confidential Exhibit 5, other than its main office in Minneapolis, MN and a trust office in Las Vegas, NV, there are no plans for ANTB to open any branches or other office locations.

(i) Indicate if the establishment of the proposed main office and/or any branch site may affect any district, site, building, structure, or object listed in, or eligible for listing in, the

National Register of Historic Places pursuant to the National Historic Preservation Act, 16 U.S.C. 470f. (See the Advisory Council on Historic Preservation at www.achp.gov for the Act and implementing regulations.) Specify how such determination was made:

1) Consultation with the State Historic Preservation Officer (SHPO) and/or Tribal Historic Preservation Officer (THPO) (when tribal lands or historic properties of significance to a tribe are involved).

2) Reviewed National Register of Historic Places (see www.nps.gov/nr).

3) Applied National Register criteria to unlisted properties.

4) Reviewed historical records.

5) Contact with preservation organizations.

6) Other (describe).

The proposed establishment of ANTB, which will operate from existing Ameriprise offices, will not affect any district, site, building, structure, or object listed in, or eligible for listing in, the National Register of Historic Places as described in this question. This determination was made based on the fact that ANTB will operate out of existing Ameriprise offices, the existing Ameriprise offices in question do not involve any such district, site, building, structure or object, and there would therefore be no additional office, branch or building established.

As appropriate, provide a copy of any documentation of consultation with the SHPO and/or THPO. *You are reminded that if a historic property may be affected, no site preparation, demolition, alterations, construction or renovation may occur without the appropriate regulatory agency's authorization.*

6. Information Systems

(a) State whether the institution plans to market its products and services (the ability to do transactions or account maintenance) via electronic means. If yes, specifically state the products and services that will be offered via electronic banking or the Internet.

ANTB would utilize several methods for marketing its products and services, including referrals from Ameriprise Advisors, direct marketing to clients, and though marketing alliances. Because ANTB's customer-facing offices will consist only of its main office in Minneapolis, MN and a smaller non-branch trust office in Las Vegas, NV, ANTB will not utilize a traditional brick-and-mortar network to communicate product offers. Instead, ANTB will from its date of organization have access to the extensive network of Ameriprise Advisors, as well as rely on a number of different channels to offer its products and services. For instance, while customers must open an account in person at one of ANTB's customer-facing offices, ANTB will utilize the Ameriprise website and mobile applications (as well as direct mail) as a means to both market its products and services and enable its customers to obtain access to their accounts for informational, transactional, and servicing purposes. The Ameriprise website is located at an Internet address with a widely recognized name that consumers can locate easily. ANTB will also utilize both out-bound and in-bound telemarketing capabilities existing within Ameriprise and its partner organizations to inform prospective customers of ANTB's products

and services. All telemarketing activities of ANTB will comply with all applicable telemarketing laws and regulations.

(b) Outline the proposed or existing information systems architecture and any proposed changes or upgrades. The information should describe how: (1) the information system will work within existing technology; (2) the information system is suitable to the type of business in which the institution will engage; (3) the security hardware, software, and procedures will be sufficient to protect the institution from unauthorized tampering or access; and (4) the organizers and directors will allocate sufficient resources to the entire technology plan.

Ameriprise has an existing robust technology infrastructure that is leveraged for the PTS business and will be leveraged for the needs and operations of ANTB. The infrastructure is comprised of Ameriprise enterprise solutions, bank specific technologies, and third-party providers. The product platform is an industry standard offering, FIS Charlotte Front Office. This platform integrates with Ameriprise's brokerage platform from Refinitiv, as well as Ameriprise Advisor and home office tools for workflow, status updates, reporting, and service. This infrastructure is governed and supported through well established enterprise processes for risk management, change management, incident/problem management, and information security standards. The security of the systems is ensured through a multi-layered approach inclusive of Single Sign-On technologies, Aveksa user management, and CyberArk for privileged access which undergo periodic review, as described below in response to question 6e. From a resource perspective, ANTB will be supported by a team of dedicated bank technologists and management which are then supplemented by shared enterprise resources.

To support this technology infrastructure, Ameriprise has established and maintains corporate policies and technical and operational measures designed to protect sensitive client, employee, contractor and vendor information, and to respond to cybersecurity incidents. Ameriprise also has in place policies that require its franchisee advisers who control locally their own technology operations to do the same. These actions have been implemented in accordance with applicable legal requirements, including rules and guidance adopted pursuant to the Gramm-Leach Bliley Act ("**GLBA**"). To maintain operational resilience, Ameriprise regularly reviews its processes and controls for effectiveness in protecting its data and information systems' confidentiality, integrity, availability and overall security. Ameriprise also regularly evaluates its information systems and controls against common industry standards and best practices and updates its technology infrastructure where needed to protect against evolving threats. Ameriprise will continue its efforts to safeguard the data entrusted to it in accordance with applicable requirements and its internal data protection. Ameriprise recognizes that maintaining the security and integrity of these systems and networks—and appropriately responding to any cybersecurity incidents (including attempts)—is critical to the success of its business operations, including its reputation, the retention of its advisors and clients, and the protection of its proprietary information and its clients' personal information. To date, Ameriprise has not experienced any material breaches of or interference with its centrally controlled systems and networks. [redacted]

(c) Provide lists or descriptions of the primary systems and flowcharts of the general processes related to the products and services. The level of detail in these system

descriptions should be sufficient to enable verification of the cost projections in the *pro formas*.

Please refer to the response to question 6(b) for a description of the primary information systems that would apply to ANTB. Please refer to Confidential Exhibit 11 attached hereto for a contextual diagram of the existing PTS business, which will be adopted for ANTB upon its organization and which OCC supervisory staff are familiar with. This contextual diagram lists all of the in-scope systems, their interactions with users (advisors and home office employees), and describes if they are bank-owned, bank vendor, or Ameriprise enterprise applications.

(d) Estimate the start-up budget for the information systems related to the products and services and the expected annual operating and maintenance costs (including telecommunications, hardware, software, and personnel).

Because ANTB would merely continue the existing PTS business currently conducted by the FSB and the PTS business currently has information systems related to products and services in place that are expected to continue upon its transfer from the FSB to ANTB, a start-up budget for the information systems for ANTB is not necessary. As shown in the pro forma financial projections for ANTB attached hereto as Confidential Exhibit 1, the estimated annual operating and maintenance costs (including telecommunications, hardware, software, and personnel) for ANTB are [redacted] for the years included in the financial projections.

(e) Describe the physical and logical components of security. Describe the security system and discuss the technologies used and key elements for the security controls, internal controls, and audit procedures. Discuss the types of independent testing the institution will conduct to ensure the integrity of the system and its controls.

Ameriprise, including the FSB, currently utilizes a layered technology approach inclusive of best-in-class tools and processes for physical and logical security. These standards, which would be applied to ANTB upon its organization, are and will be validated and tested utilizing an internal Technology Control Framework, subject to independent audit by Ameriprise Risk and Control Services, and stressed and evaluated against external penetration tests. Please refer to Confidential Exhibits 12 and 13 for additional information on the security systems and controls that would be applied to ANTB.

(f) Describe the information security program that will be in place to comply with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information."

In addition to the layered technology and processes described above in response to question 6(e), information of ANTB will also be safeguarded by periodic reviews of system access. Similar to the FSB, the information security program of ANTB will have procedures that are consistent with the Interagency Guidelines Establishing Standards for Safeguarding Customer Information, such as a requirement that the board of directors or a committee of the board approve the written information security program. ANTB would also have access controls related to customer information systems, including controls to authenticate and permit access only to authorized individuals and controls to prevent employees from providing customer information to unauthorized individuals who may seek to obtain this information through fraudulent means. ANTB would also implement measures to protect

against destruction, loss, or damage of customer information due to environmental hazards, such as fire and water damage or technological failure.

7. Other Information

(a) List activities and functions, including data processing, that will be outsourced to third parties, identifying the parties and noting any affiliations. Describe all terms and conditions of the vendor management activities and provide a copy of the proposed agreement when available. Describe the due diligence conducted and the planned oversight and management program of the vendors' or service providers' relationships (for general vendor management guidance, see the Appendix of the FFIEC's guidance, Risk Management of Outsourced Technology Services).

The following table lists which functions of ANTB would be outsourced to third parties, including an identification of those third parties.

Name of Third Party Service Provider	Description of Service to be Provided
Broadridge Investor Communication Services	Proxy voting services
Chicago Clearing Corporation	Class action claim coordination
Ernst & Young LLP	Preparation of tax forms, tax returns and related tax documents
Estate Valuation & Pricing Systems	Valuation of estate assets
FIS Business Systems (FIS)	Provision of the Charlotte core trust accounting system of record, Investor's View and ancillary applications
FIS Financial Systems (FIS)	Provides tax information reporting services
Informa Investment Solutions	Investment performance, portfolio modeling, analysis and compliance reporting for trust accounts
ITM TwentyFirst	Administration for trust held insurance policies
Morningstar Inc.	Morningstar Direct license for research use
PDS Services	Unique and hard to value trust asset management services
PG Calc	Planned giving calculation and tracking
SES Risk Solutions	Coordination for insurance coverage for trust-owned assets

With the exception of the two FIS vendors identified above, Ameriprise is not aware of any affiliations between the parties. In each case, Ameriprise has developed and implemented a Vendor Management Program and ANTB will rely on AFI's enterprise-wide procurement group to assist in

vendor selection and approval. Together with that procurement group, ANTB's management will perform due diligence on prospective vendors pursuant to its Outsourcing Policy and applicable laws, rules, and regulations. An ANTB vendor manager will oversee ANTB's vendors and ensures ongoing monitoring and review of performance measured against any applicable service levels in the contracts. Vendors providing data processing or other information technology services that require access to nonpublic personal information about Ameriprise customers will be required to include in their vendor agreements information protection and confidentiality provisions and adhere to the strict privacy and data requirements of GLBA. ANTB's vendor management program will leverage Ameriprise's current program and will appropriately reflect and be consistent with all applicable regulatory guidance, including OCC Bulletin 2013-29 regarding third party risk management and OCC Bulletin 2020-10 as well as the FFIEC's Risk Management of Outsourced Technology Services.

The third parties identified above are all current service providers of the FSB, and ANTB would be a beneficiary of these same services upon its organization. OCC supervisory staff have previously reviewed the FSB's agreements with its vendors during prior examinations,[14] and AFI would be pleased to provide copies of any of these agreements to the OCC upon request.

(b) List all planned expenses related to the organization of the institution and include the name of recipient, type of professional service or goods, and amount. Describe how organization expenses will be paid.

No fees for legal, organizational or similar services related directly or indirectly to this application will be received by insiders or their relatives. Non-recurring charges related to the organization of ANTB will be charged to AFI and paid via the AFI existing accounts payable and other related processes, and are estimated at [redacted].

(c) Provide evidence that the institution will obtain sufficient fidelity coverage on its officers and employees to conform with generally accepted banking practices.

[redacted] This policy would be extended and apply to ANTB upon its organization and provide sufficient fidelity coverage on its officers and employees to conform with generally accepted banking practices, subject to any necessary adjustments to reflect the size and risks of ANTB compared to those of the FSB.

(d) If applicable, list names and addresses of all correspondent depository institutions that have been established or are planned.

AFI does not plan on establishing any correspondent depository institutions for ANTB.

(e) Provide a copy of management's policies for loans, investments, liquidity, funds management, interest rate risk, and other relevant policies. Provide a copy of the Bank

[14] [redacted]

Secrecy Act program. Contact the appropriate regulatory agencies to discuss the specific timing for submission.

The FSB currently operates with a broad set of policies that enable it to operate in a safe and sound manner and consistent with its conservative business plan. Many of these policies will be brought forward to ANTB upon its organization, with appropriate revisions to reflect the simplified business and operations of ANTB compared to those of the FSB. For instance, because ANTB will be a national trust bank and will not accept deposits or make loans, current policies of the FSB that apply to lending and deposit products would not be adopted by ANTB. As a general matter, however, other than updating entity references and certain other conforming changes necessitated by the fact that ANTB would be a national bank instead of a FSB, AFI expects that major revisions to content of these policies will not be necessary.

Like the FSB, ANTB will operate within the overall framework of enterprise-wide Ameriprise policies, such as Ameriprise HR policies, the Ameriprise Global Privacy Policy, and Ameriprise technology-related policies, thereby eliminating the need for ANTB-specific policies with respect to certain matters. It is possible that, as a matter of good corporate governance or to fulfill regulatory requirements or expectations, ANTB will formally adopt an Ameriprise policy as an ANTB policy. AFI expects to discuss specifics regarding the policies of ANTB with the OCC and would be pleased provide copies of any policies that would be adopted by ANTB to the OCC upon request.

The following list identifies the policies that AFI expects would be adapted and approved for ANTB upon its organization.

A. Policies of the FSB to be adapted and approved by ANTB Board of Directors/Committee of the Board

Ameriprise Bank Compensation Policy
Ameriprise Bank Corporate Governance Policy
Ameriprise Bank Investment Policy
Ameriprise Bank Risk Management Policy
Ameriprise Bank Transactions with Affiliates Policy
Ameriprise Bank Compliance Management Program Policy
Ameriprise Bank Management Official Interlocks Policy
Ameriprise Bank Balance Sheet Management Policy
Ameriprise Bank Cash Transaction Approval Policy
Ameriprise Bank Fiduciary Code of Conduct
Ameriprise Bank Trust and Fiduciary Powers Policy

B. Policies of the FSB to be adapted and approved by management committees

Ameriprise Bank Anti-Tying Policy
Ameriprise Bank Outsourcing Policy
Ameriprise Bank Data Governance Policy
Ameriprise Bank Marketing and Advertising Policy
Ameriprise Bank New and Modified Products and Services Approval and Monitoring Policy
Ameriprise Bank Policy on Policies, Procedures and Standards
Ameriprise Bank Unfair Deceptive or Abusive Acts or Practices Policy

C. Enterprise Policies to be adopted by ANTB Board of Directors/Committee of the Board

Ameriprise Financial, Inc. Identity Theft Prevention Policy
Ameriprise Financial, Inc. Global Anti-Money Laundering and Economics Sanctions Policy

(f) For Federal Savings Banks or Associations, include information addressing the proposed institution's compliance with qualified thrift lender requirements.

N/A

(g) If the institution is, or will be, affiliated with a company engaged in insurance activities that are subject to supervision by a state insurance regulator, provide:

1) The name of insurance company.

AFI is primarily engaged in insurance activities,[15] and as a subsidiary of AFI, ANTB will be affiliated with Riversource Life Insurance Company and Riversource Life Insurance Co. of New York (together, the "**Riversource Life companies**"), as well as Ameriprise Captive Insurance Company. All of these entities are engaged in insurance activities that are subject to supervision by one or more state insurance regulators.

2) A description of the insurance activity that the company is engaged in and has plans to conduct.

Ameriprise, through its subsidiaries the Riversource Life companies, engages in both insurance brokerage and insurance underwriting activities. The Riversource Life companies offer clients various annuities, life insurance, and disability insurance options to meet their needs or current stage in life — whether that is covering essentials, ensuring lifestyle, preparing for the unexpected or leaving a legacy. RiverSource seeks to partner with Ameriprise Advisors to address clients' goals and long-term needs at a differentiated level and provide a strong risk profile given the clients that Ameriprise Advisors serve.

Through the RiverSource Life companies and Ameriprise's Retirement & Protection Solutions segment Ameriprise offers the following products:

- Structured Variable Annuities, which use the performance of an underlying equity market index to determine earnings, up to either a cap or floor;
- Variable Annuities, which provide returns linked to underlying investments of the contractholder's choice of certain funds, as well as additional benefits, such as guaranteed minimum death benefits and guaranteed living benefits;
- Variable Universal Life Insurance, which provides life insurance coverage along with investment returns linked to underlying investment accounts of the policyholder's choice;
- Universal Life Insurance, which credits interest at fixed interest rates. Universal Life Insurance may also contain product features that credit interest at a rate linked to an underlying equity market index;

[15] As of March 31, 2021, more than 80 percent of AFI's total consolidated assets were attributable to subsidiaries engaged in life insurance and other non-credit-related insurance underwriting activities.

- Term Life Insurance, which provides a death benefit, but it does not accumulate cash value; and

- Disability Income Insurance, which provides monthly benefits to individuals who are unable to earn income either at their occupation at time of disability or at any suitable occupation for premium payments that are guaranteed not to change.

Ameriprise also offers clients various riders and alternatives. Ameriprise's sales of RiverSource individual life insurance in 2020, as measured by scheduled annual premiums, lump sum and excess premiums and single premiums, consisted of approximately 40% universal life, 56% variable universal life and 4% term life.

3) A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.

Riversource Life Insurance Company has an insurance license in all 50 states (with the exception of New York) and the District of Columbia. Riversource Life Insurance Co. of New York has an insurance license only in the State of New York, and Ameriprise Captive Insurance Company has an insurance license only in the State of Vermont. The below table shows each insurance company and its primary domiciliary regulator.

Entity	**Regulator**
Riversource Life Insurance Company	Minnesota Department of Commerce
Riversource Life Insurance Co. of New York	New York State Department of Financial Services
Ameriprise Captive Insurance Company	State of Vermont Department of Banking, Insurance, Securities and Health Care Administration

OCC CERTIFICATION

We, the organizers, certify that the information contained in this application has been examined carefully and is true, correct, and complete, and is current as of the date of this submission. We also certify that any misrepresentations or omissions of material facts with respect to this application, any attachments to it, and any other documents or information provided in connection with the application for the organization of the proposed financial institution and federal deposit insurance may be grounds for denial or revocation of the charter and/or insurance, or grounds for an objection to the undersigned as proposed director(s) or officer(s) of the proposed financial institution, and may subject the undersigned to other legal sanctions, including the criminal sanctions provided for in 18 U.S.C. 1001, 1007, and 1014. We request that examiners be assigned to make any investigations necessary.

We acknowledge that approval of this application is in the discretion of the appropriate federal banking agency or agencies. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing, including approval of the application if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. We further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

	Signature	Date	Typed Name
X	Paige Winebarger	June 1, 2021	Paige Winebarger
X	Joe Sweeney	June 1, 2021	Keith Barber
X		June 1, 2021	Joseph Sweeney
X		June 1, 2021	Arif Abu
X	Brian McGrane	June 1, 2021	Brian McGrane

EXHIBITS (check all that apply)

X Business Plan
  X Financial Projections
☐ CRA Plan
X Articles of Association, Articles of Incorporation, or Charter
X Bylaws
☐ Oath of Director
☐ Interagency Biographical and Financial Reports
☐ Fingerprint cards (appropriate regulatory agency)
☐ Publication Certification / Affidavit / Notice of Publication
☐ Copies of contracts / agreements
  ☐ Employment / compensation
  ☐ Service providers
  ☐ Other
X Stock Benefit Plans
☐ Economic survey or market feasibility study
  ☐ Market Area Map
X Waiver request, specify: Residency Waiver Request
☐ Offering Materials
☐ Proposed stock certificate
X Corporate or holding company audited statements or financial reports
☐ Copy of policies, specify:

FSA ONLY:

☐ RB 20a Certification

PUBLIC EXHIBIT VOLUME

APPLICATIONS

by

Ameriprise Financial, Inc.

an existing savings and loan holding company, Minneapolis, MN,

to the

Office of the Comptroller of the Currency

to Organize Ameriprise National Trust Bank as a National Trust Bank and for Ameriprise National Trust Bank to Exercise Fiduciary Powers

Pursuant to 12 U.S.C. §§ 21, 22, 24 (Seventh), and 12 U.S.C. § 92a

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June 2, 2021

PUBLIC EXHIBIT VOLUME

JUNE 2, 2021

Document Title	Exhibit
Ameriprise 2020 Annual Report and Form 10-K as of December 31, 2020	1
Ameriprise Quarterly Report and Form 10-Q as of March 31, 2021	2
Map of Locations of Proposed ANTB Main Office and Trust Office	3
Fiduciary Powers Application	4
Director and Senior Executive Officer Qualifications and Experience	5
AFI 2005 Incentive Compensation Plan	6

Public Exhibit 1

Ameriprise 2020 Annual Report and Form 10-K as of December 31, 2020

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

FORM 10-K

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

For the Fiscal Year Ended December 31, 2019

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 No. 1-32525

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3180631**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1099 Ameriprise Financial Center	**Minneapolis**	**Minnesota**	**55474**
(Address of principal executive offices)			(Zip Code)

Registrant's telephone number, including area code: **(612) 671-3131**

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock (par value $.01 per share)	AMP	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☒ Non-accelerated Filer ☐ 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 ☐ No ☒

The aggregate market value, as of June 30, 2019, of voting shares held by non-affiliates of the registrant was approximately $19.0 billion.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	**Outstanding at February 14, 2020**
Common Stock (par value $.01 per share)	123,244,405 shares

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the registrant's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on April 29, 2020 ("Proxy Statement").

AMERIPRISE FINANCIAL, INC.
FORM 10-K

INDEX

PART I.

Item 1. Business	3
Item 1A. Risk Factors	25
Item 1B. Unresolved Staff Comments	42
Item 2. Properties	42
Item 3. Legal Proceedings	42
Item 4. Mine Safety Disclosures	42
PART II.	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	43
Item 6. Selected Financial Data	44
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	45
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	83
Item 8. Financial Statements and Supplementary Data	89
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	168
Item 9A. Controls and Procedures	168
Item 9B. Other Information	169
PART III.	
Item 10. Directors, Executive Officers and Corporate Governance	169
Item 11. Executive Compensation	171
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	172
Item 13. Certain Relationships and Related Transactions, and Director Independence	172
Item 14. Principal Accountant Fees and Services	172
PART IV.	
Item 15. Exhibits and Financial Statement Schedules	173
Item 16. Form 10-K Summary	175
Signatures	176
Schedule I - Condensed Financial Information of Registrant	178

PART I.

Item 1. Business

Overview

Ameriprise is a diversified financial services company with a 125-year history of providing solutions to help clients confidently achieve their financial objectives. Ameriprise Financial, Inc. is a holding company incorporated in Delaware that primarily engages in business through its subsidiaries. Accordingly, references to "Ameriprise," "Ameriprise Financial," the "Company," "we," "us," and "our" may refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries. Our headquarters is located at 55 Ameriprise Financial Center, Minneapolis, Minnesota 55474. We also maintain executive offices in New York City.

We are a long-standing leader in financial planning and advice with $973 billion in assets under management and administration as of December 31, 2019. We offer a broad range of products and services designed to achieve individual and institutional clients' financial objectives. Our strategy is centered on helping our clients confidently achieve their goals by providing holistic advice and by managing and protecting their assets and income. We utilize two go-to-market approaches in carrying out this strategy: Wealth Management and Asset Management.

Wealth Management

We are an industry-leading wealth manager with a differentiated advice value proposition. Our network of approximately 10,000 advisors is the primary means through which we engage in our wealth management activities. Accordingly, our wealth management capabilities are centered on the long-term, personal relationships between our clients and our financial advisors (our "advisors"). Through our affiliated advisors, we offer financial planning and advice, as well as banking and full-service brokerage services, primarily to retail clients. These products and services are designed to be used as solutions for our clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. The financial product solutions we offer through our advisors include the products of other companies as well as our own products and services. Our advisor network is the primary channel through which we offer our own life and disability income insurance as well as annuity products and services. Our focus on personal relationships, as demonstrated by our exclusive *Confident Retirement®* approach to financial planning, allows us to address our clients' evolving financial and retirement-related needs to help them live brilliantly, now and in the future. Over the years of responding to the needs of our clients and executing on our business strategy, we moved our target upmarket. Currently, our primary target market segment is the mass affluent and affluent (which we define as households with investable assets of more than $100,000), and increasingly those with $500,000 to $5,000,000 in investable assets.

Our advisors are a valued and crucial part of our business. As such, we offer our advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in serving their clients. Our nationally recognized brand combined with our practice support, local marketing and field support, integrated operating platform, practice expansion and succession opportunities and comprehensive set of products and solutions creates a compelling value proposition for financial advisors. This is evidenced by our strong advisor retention rate and our ability to attract and retain experienced and productive advisors. We continuously invest in, develop, and refine capabilities and tools designed to maximize advisor productivity and client satisfaction.

We are in a compelling position to capitalize on significant demographic and market trends driving increased demand for financial advice and solutions. In the U.S., the ongoing transition of baby boomers into retirement continues to drive demand for financial advice and solutions. In addition, the amount of investable assets held by mass affluent and affluent households (our target market) has grown and now accounts for over half of U.S. investable assets. We believe our differentiated financial planning model, broad range of products and solutions, and demonstrated financial strength throughout times of economic and market uncertainty position us to capitalize on these trends and best serve our clients in achieving their goals.

Asset Management

Our asset management capabilities, represented by the *Columbia Threadneedle Investments®* brand, are global in scale. We offer a broad spectrum of investment advice and products to individual, institutional and high-net worth investors. These investment products are primarily provided through third parties, though we also provide our asset management products through our advisor network. Our underlying asset management philosophy is rooted in delivering consistently strong, competitive investment performance. The quality and breadth of our asset management capabilities are demonstrated by 116 of our mutual funds being rated as four- and five-star funds by Morningstar. This strong short and long-term investment performance is further supported by our client-focused approach.

We are positioned to continue to grow our assets under management in the long-term and strengthen our asset management offerings to existing and new clients. We enjoy a significant benefit from key strategic relationships and have a strong institutional presence. Our asset management capabilities are well positioned to address mature markets in the U.S. and Europe. We also continue to leverage our existing strengths in order to effectively expand into new global and emerging markets. In the past few years, we have expanded beyond our traditional strengths in the U.S. and UK to gather assets in Continental Europe, Asia, Australia, the Middle East, South America and Africa. In addition, we continue to identify and pursue opportunities to leverage the collective capabilities of our global asset management business in order to enhance our current range of investment solutions, to develop new solutions and investment management strategies that are responsive to client demand in an increasingly complex marketplace, and to maximize the distribution capabilities of our global business.

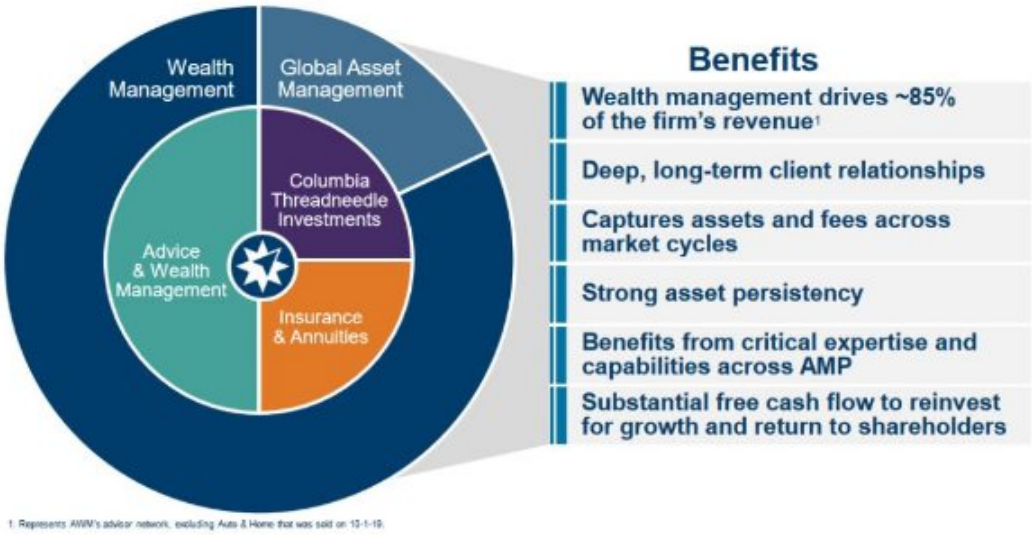
Our Integrated Model and Shift in Business Mix

Financial markets and macroeconomic conditions have had and will continue to have a significant impact on our operating and performance results. In addition, the business, political and regulatory environments in which we operate are subject to elevated uncertainty and substantial, frequent change. Accordingly, we expect to continue focusing on our key strategic objectives and obtaining operational and strategic leverage from our core capabilities. The success of these and other strategies may be affected by the factors discussed below in Item 1A of this Annual Report on Form 10-K - "Risk Factors" - and other factors as discussed herein.

The financial results from the businesses underlying our go-to-market approaches are reflected in our five operating segments:

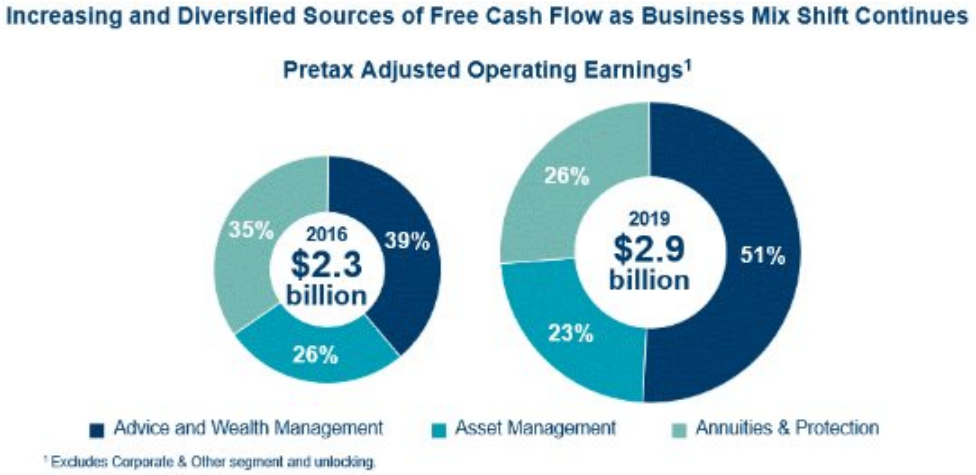
- Advice & Wealth Management;
- Asset Management;
- Annuities;
- Protection; and
- Corporate & Other.

We believe we offer a compelling and highly differentiated value proposition through our diversified and fully integrated model - as shown by nearly doubling earnings per share in the past five years and returning nearly $11 billion to shareholders in that timeframe, while retaining significant excess capital at December 31, 2019.



As a diversified financial services firm, we believe our ability to gather assets is best measured by our aggregate assets under management and administration metric. At December 31, 2019, we had $973 billion in assets under management and administration compared to $823 billion as of December 31, 2018. For a more detailed discussion of assets under management and administration, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

The following chart shows our current business mix represented by the contributions of each segment to our pretax adjusted operating earnings (excluding Corporate & Other segment) as well as a historical comparison. As you can see, we continue to execute on our strategy to shift our business mix toward lower capital, fee-based business including Advice & Wealth Management, which is the growth engine of Ameriprise and now represents a majority of pretax adjusted operated earnings.



Our Principal Brands

We utilize multiple and distinct brands for the products and services because we believe doing so allows us to differentiate them in the marketplace.

We use the *Ameriprise Financial*® brand as our enterprise brand, as well as the name of our advisor network and certain of our retail products and services. The retail products and services that use the *Ameriprise Financial* brand include those that we provide through our advisors (e.g., financial planning services, investment advisory accounts, retail brokerage services and banking products) and products and services that we market directly to consumers or through affinity groups.

Our global *Columbia Threadneedle Investments*® brand represents the combined capabilities, resources and reach of Columbia Management and Threadneedle. This brand reinforces the strength of both firms in their established markets of the UK, Europe and the U.S. and helps us grow our presence in key markets including Asia Pacific, Latin America, Africa and the Middle East.

We use our *RiverSource*® brand for our annuity and protection products issued by the RiverSource Life companies, including our life and disability income insurance products.

History and Development

Our company has a 125 year history of providing solutions to help clients confidently achieve their financial objectives. Our earliest predecessor company, Investors Syndicate, was founded in 1894 to provide face-amount certificates to consumers with a need for conservative investments. In 1983, our company was formed as a Delaware corporation in connection with American Express' acquisition of IDS Financial Services from Alleghany Corporation in 1984. We changed our name to "American Express Financial Corporation" ("AEFC") and began marketing our products and services under the American Express brand in 1994. To provide retail clients with a more comprehensive set of products and services, we significantly expanded our offering of non-proprietary mutual funds in the late 1990s. In addition, we acquired the business of Threadneedle Asset Management Holdings in 2003 to enhance our global asset management capabilities.

On September 30, 2005, American Express consummated a distribution of the shares of AEFC to American Express shareholders, at which time we became an independent, publicly traded company and changed our name to "Ameriprise Financial, Inc." In 2008, we completed the acquisitions of H&R Block Financial Advisors, Inc. and J. & W. Seligman & Co. Incorporated. In 2010, we completed the acquisition of the long-term asset management business of Columbia Management from Bank of America. In 2016, we completed the acquisition of Emerging Global Advisors, LLC, a registered investment advisor and provider of strategic beta portfolios based on emerging markets. In 2017, we acquired Investment Professionals, Inc. ("IPI"), an independent broker-dealer specializing in the on-site delivery of investment programs for financial institutions, including banks and credit unions. In 2017, we also acquired Lionstone

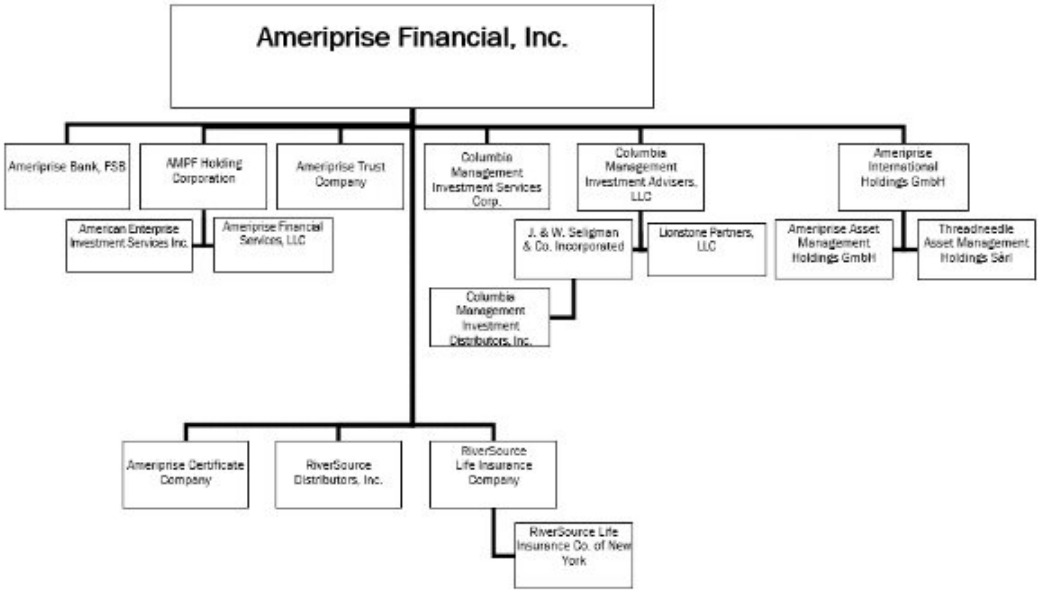
Partners, LLC, a leading national real estate investment firm, specializing in investment strategies based upon proprietary analytics. This inorganic growth has allowed us to significantly enhance the scale, performance, and product offerings of our brokerage, financial planning, retail mutual funds and institutional asset management business in order to best serve our clients.

In 2006, we sold our large-scale retirement plan recordkeeping business to Wachovia Bank, N.A. (now Wells Fargo Bank, N.A.). We initiated the disposition of our institutional trust and custody business to J.P. Morgan Chase Bank, N.A. in 2008, and completed that restructuring in early 2009. In 2011, we completed the sale of Securities America Financial Corporation and its subsidiaries to Ladenburg Thalmann Financial Services, Inc. On October 1, 2019, we completed the sale of our Ameriprise Auto and Home Insurance business to American Family Insurance Mutual Holding Company (American Family Insurance).

In 2018, we made the strategic decision to seek to expand the banking products and services we can provide directly to our clients, and commenced the process to convert our subsidiary Ameriprise National Trust Bank into a federal savings bank with the capabilities to offer FDIC insured deposits and a range of lending products. We completed that process, received regulatory approvals and converted Ameriprise National Trust Bank to Ameriprise Bank, FSB in May 2019, at which time Ameriprise Financial became a savings and loan holding company that is subject to regulation, supervision and examination by the Board of Governors for the Federal Reserve System ("FRB"). In connection with the conversion, Ameriprise Financial elected to be classified as a financial holding company subject to applicable regulation under the Bank Holding Company Act of 1956 (as amended).

Our Organization

The following is a depiction of the organizational structure for our company and the primary subsidiaries (identified by their current legal entity names) through which we operate our businesses.



The following is a brief description of the business and activities conducted by each subsidiary noted above.

Subsidiary Name	Description of Business
Ameriprise International Holdings GmbH	A holding company based in Switzerland for various companies engaged in our non-U.S. business, including our Threadneedle group of companies (defined below)
Threadneedle Asset Management Holdings Sàrl	A holding company based in Luxembourg for the EMEA region group of companies that provide investment management products and services
Ameriprise Asset Management Holdings GmbH	A holding company based in Switzerland for our non-EMEA region group of companies that provide investment management products and services. We refer to the group of companies in this entity and Threadneedle Asset Management Holdings Sarl as "Threadneedle" and Threadneedle is our primary provider of non-U.S. investment management products and services.
Columbia Management Investment Advisers, LLC ("Columbia Management")	The investment adviser for the majority of the *Columbia Management* family of funds ("*Columbia Management*® funds") and to U.S. and non-U.S. institutional accounts and private funds

J. & W. Seligman & Co. Incorporated (“Seligman”)	A holding company for Columbia Management Investment Distributors, Inc. and certain other subsidiaries within our Asset Management segment
Lionstone Partners, LLC (“Lionstone Investments”)	The U.S. investment adviser for certain private funds and investment products focused on real estate
Columbia Management Investment Distributors, Inc.	Broker-dealer subsidiary that serves as the principal underwriter and distributor for *Columbia Management* funds
Columbia Management Investment Services Corp.	A transfer agent that processes client transactions for *Columbia Management* funds and Ameriprise face-amount certificates
AMPF Holding Corporation	A holding company for certain of our retail brokerage and advisory subsidiaries, including AFS (defined below) and AEIS (defined below)
American Enterprise Investment Services Inc. (“AEIS”)	As our registered clearing broker-dealer subsidiary, brokerage transactions for accounts introduced by AFS are executed, cleared and settled through AEIS
Ameriprise Financial Services, LLC (“AFS”)	A registered broker-dealer and registered investment adviser, and our primary financial planning and retail distribution subsidiary (previously Ameriprise Financial Services, Inc. until January 2020)
RiverSource Distributors, Inc. (“RiverSource Distributors”)	A broker-dealer subsidiary that serves as the principal underwriter and/or distributor for our *RiverSource* annuities and insurance products sold through AFS and third-party channels
RiverSource Life Insurance Company (“RiverSource Life”)	Conducts its insurance and annuity business in states other than New York
RiverSource Life Insurance Co. of New York (“RiverSource Life of NY”)	Conducts its insurance and annuity businesses in the State of New York. RiverSource Life of NY is a wholly owned subsidiary of RiverSource Life. We refer to RiverSource Life and RiverSource Life of NY as the “RiverSource Life companies”
Ameriprise Certificate Company	Issues a variety of face-amount certificates
Ameriprise Trust Company (“ATC”)	Provides trust services to individuals and businesses
Ameriprise Bank, FSB (“Ameriprise Bank”)	Offers a variety of consumer banking deposit, credit, and personal trust and related services

Our Segments - Advice & Wealth Management

Our Advice & Wealth Management segment provides financial planning and advice, as well as full-service brokerage services, primarily to retail clients through our financial advisors. These services are centered on long-term, personal relationships between our advisors and our clients and focus on helping clients confidently achieve their financial goals. Our financial advisors provide a distinctive, holistic approach to financial planning and have access to a broad selection of both affiliated and non-affiliated products to help clients meet their financial needs and goals.

A significant portion of revenues in this segment are fee-based and driven by the level of client assets, which is impacted by both market movements and net asset flows. We also earn net investment income on owned assets from certificate and banking products. This segment earns revenues (distribution fees) for providing non-affiliated products and intersegment revenues (distribution fees) for providing our affiliated products and services to our retail clients. Intersegment expenses for this segment include expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results.

Our Financial Advisor Platform

With approximately 10,000 advisors, we are a top 5 branded platform in the U.S. market where we provide our services. Advisors can choose to affiliate with us in multiple ways, and each option offers different levels of support and compensation. The affiliation options are:

- *Employee Advisors (Ameriprise Advisor Group).* Under this option, an advisor is an employee of our company and receives a higher level of support, including leadership, training, office space and staff support. We pay compensation that is competitive with other employee advisor models, which is generally lower than that of our franchisee advisors in exchange for the higher level of support we provide our employee advisors. Some employee advisors work in the Ameriprise Advisor Center (“AAC”), our dedicated platform for remote-based sales and service to Ameriprise retail customers using a team model.
- *Franchisee Advisors (Ameriprise Franchise Group).* Under this option, an advisor is an independent contractor franchisee who affiliates with our company and has the right to use the Ameriprise brand. We pay our franchisee advisors a higher payout rate than our employee advisors as they are responsible for paying their own overhead, staff compensation and other

business expenses. In addition, our franchisee advisors pay a franchise association fee and other fees in exchange for the support we offer and the right to use our brand name. The support we offer to our franchisee advisors includes generalist and specialist leadership support, technology platforms and tools, training and marketing programs.

- *Bank Channel Advisors (Ameriprise Financial Institutions Group)*. Our acquisition of IPI in 2017 added a new capability where we specialize in the on-site delivery of investment programs for financial institutions including banks and credit unions. Within this channel, we have different types of relationships with our financial institution partners and a variety of ways for advisors to affiliate with us.

We are committed to providing our advisors with the resources and support necessary to manage and grow their practices. Our platform offers advisors (and therefore clients) the flexibility of operating on a commission-based brokerage basis as well as on a fee-based advisory basis. Advisors have access to training and materials reflecting our differentiated financial planning model and *Confident Retirement* planning approach, our nationally recognized brand and *"Be Brilliant®"* advertising campaign, local marketing support capabilities and our full range of proprietary and non-proprietary advice and product solutions. Our advisor practices also benefit from Ameriprise's demonstrated financial strength and our dedication to our clients. We expect to continue to invest in our advisor platform, with the goal of continuing to best serve our clients, increasing advisor productivity, and improving our ability to attract and retain advisors.

Our nationwide advisor network consisted of approximately 10,000 advisors as of December 31, 2019, which includes over 2,100 employee advisors and advisors in our bank channel as well as approximately 7,800 independent franchisees or employees or contractors of franchisees. Of these advisors, roughly 56% have been with us for more than 10 years, with an average tenure of over 20 years. Among advisors who have been with us for more than 10 years, we have a retention rate of approximately 95%. We believe our strong advisor retention rate, as well as our ability to recruit experienced advisors, speaks to the value proposition we offer our advisors and clients.

Through our advisors, we offer clients a diversified set of cash and liquidity management, asset accumulation, income, protection, and estate and wealth transfer products and services, as well as a broad selection of financial products from other unaffiliated companies (as described below).

Brokerage and Investment Advisory Services

Financial Planning and Advice Services

Our personalized financial planning approach is designed to focus on all aspects of our clients' finances. After understanding our clients' needs, our advisors seek to identify solutions to address those needs across four cornerstones: cash and liabilities, investments, protection, and taxes. We believe this approach helps our clients build a solid financial foundation, persevere through difficult economies and challenging markets, and ultimately achieve their financial goals. We offer a broad array of products and services in each of these categories, including those carrying the Ameriprise Financial, Columbia Management, Columbia Threadneedle Investments or RiverSource name, as well as solutions offered by unaffiliated firms.

Our advisors deliver financial solutions to our advisory clients principally by building long-term personal relationships through financial planning that is responsive to clients' evolving needs, priorities and goals, in part through our exclusive *Confident Retirement* approach. This approach involves a comprehensive assessment of retirement income sources and assets, a client's plans and goals for retirement, and an analysis of what is needed to fund the four principal types of expenses and liabilities encountered during retirement: covering essentials, ensuring lifestyle, preparing for the unexpected, and leaving a legacy. Once a financial planning client and their advisor align on a client's objectives, the advisor recommends a solution set consisting of actions and offers products to address those objectives. In continued partnership with their advisor, a client then identifies what they determine to be an appropriate range and level of market risk. Our financial planning relationships with our clients are characterized by an ability to understand their specific needs, which enables us to help them meet those needs, achieve high overall client satisfaction and retention, hold more products in their accounts and increase our assets under management.

Our financial planning clients pay a fee for the receipt of financial planning services. This fee is based on the complexity of a client's financial and life situation and their advisor's experience. Some of our clients may elect to pay a consolidated, asset-based advisory fee for financial planning and managed account services and administration. If clients elect to implement their financial plan with our company, we and our advisors generally receive a sales commission and/or sales load in addition to other revenues for the products that they purchase from us. These commissions, sales loads and other revenues are separate from, and in addition to, the financial planning and advisory fees we and our advisors may receive.

Brokerage and Other Products and Services

We offer our retail and institutional clients a variety of brokerage and other investment products and services.

Our *Ameriprise ONE®* Financial Account is a single integrated financial management brokerage account that enables clients to access a single cash account to fund a variety of financial transactions, including investments in mutual funds, individual securities, alternative investments, cash products, and margin and securities-based lending.

We provide securities execution and clearing services for our retail and institutional clients through our registered broker-dealer subsidiaries. Clients can use our online brokerage service to purchase and sell securities, obtain proprietary and independent research (including information about a wide variety of securities) and use self-directed asset allocation and other financial planning tools. We

offer exchange traded mutual funds, 529 plans, public non-exchange traded real estate investment trusts, structured notes, private equity and other alternative investments issued by unaffiliated companies. We also offer trading and portfolio strategy services across a number of fixed income categories, including treasuries, municipals, corporate, and mortgage- and asset-backed securities on both a proprietary and agency basis.

From time to time, Ameriprise may participate in syndicate offerings of closed-end funds and preferred securities. Syndicates are groups of investment banks and broker-dealers that jointly underwrite and distribute new security offerings to the investing public. Our clients may purchase, for their own account, the closed-end fund shares and preferred stock of such primary offerings in which we participate. In addition, qualified clients may purchase certain privately placed securities as distributed through Ameriprise.

Fee-based Investment Advisory Accounts

We offer all new fee-based investment advisory accounts to clients through a single Custom Advisory Relationship ("Relationship"). We offer several types of investment advisory accounts through the Relationship. The following programs, Ameriprise® Strategic Portfolio Service (SPS) Advantage, Ameriprise® SPS Advisor, Ameriprise® Active Portfolios®, Ameriprise® Select Separate Account, Ameriprise® Investor Unified Account, Ameriprise® Vista Separate Account and Ameriprise® Access Account are offered through the Relationship. Clients may purchase mutual funds and other securities in connection with the Relationship in one or more fee-based investment advisory accounts. We currently offer discretionary and nondiscretionary investment advisory accounts. In a discretionary advisory account, we (or an unaffiliated investment advisor) choose the underlying investments in the portfolio on behalf of the client. In a non-discretionary advisory account, clients choose the underlying investments in the portfolio based on their financial advisor's recommendation. Investors in discretionary and non-discretionary advisory accounts generally pay a fee (for investment advice and other services) based on the assets held in that account as well as any related fees or costs associated with the underlying securities held in that account. A significant portion of our affiliated mutual fund sales are made through advisory accounts. Client assets held in affiliated mutual funds within an advisory account generally produce higher revenues for us than client assets held in affiliated mutual funds on a stand-alone basis. This is because, as noted above, we receive an investment advisory fee based on the asset values of the assets held in an advisory account in addition to revenues we normally receive for investment management and/or distribution of the funds included in the account.

Ameriprise Strategic Portfolio Service (SPS) Advantage, is a non-discretionary investment advisory account service, Ameriprise SPS Advisor, is a discretionary investment advisory account service, Ameriprise Select Separate Accounts (a separately managed account ("SMA") program), a discretionary investment advisory account service through which clients invest in strategies managed by affiliated and non-affiliated advisory service providers, and Ameriprise Active Portfolios® investments, a discretionary investment advisory account service that offers a number of strategic target allocations based on different risk profiles and tax sensitivities. Additionally, we offer the following discretionary investment advisory account services Ameriprise® Select Separate Account, Ameriprise® Investor Unified Account, Ameriprise® Vista Separate Account and Ameriprise® Access Account, through which clients may invest in SMAs, mutual funds and exchange traded funds. We also offer a discretionary investment advisory account as an accommodation program where client accounts are held and serviced by a third-party asset management provider and its affiliates.

Mutual Fund Offerings (Unaffiliated and Affiliated)

In addition to the *Columbia Management* family of funds (discussed below in "Our Segments - Asset Management - Product and Service Offerings - U.S. Registered Funds"), we offer mutual funds from approximately 160 unaffiliated mutual fund families representing more than 2,200 mutual funds on our brokerage platform and as part of our investment advisory accounts to provide our clients a broad choice of investment products. In 2019, retail sales of other companies' mutual funds accounted for the substantial majority of our total retail mutual fund sales.

Mutual fund families of other companies generally pay us a portion of the revenue generated from the sales of those funds and from the ongoing management of fund assets attributable to our clients' ownership of shares of those funds. These payments enable us to offer a broad and robust product set to our clients and provide beneficial client services, tools and infrastructure such as our website and online brokerage platform. We also receive administrative services fees from most mutual funds sold through our advisor network.

Insurance and Annuities

We offer insurance and annuities issued by the RiverSource Life companies (discussed below in "Business - Our Segments - Annuities" and in "Business - Our Segments - Protection"). The *RiverSource* insurance solutions available to our retail clients include universal life insurance, indexed universal life insurance, variable universal life insurance, traditional term life insurance and disability income insurance. *RiverSource* annuities include fixed annuities and fixed index annuities, as well as variable annuities that allow our clients to choose from a number of underlying investment options, including volatility management options, and to purchase certain guaranteed benefit riders. In addition to *RiverSource* insurance and annuity products, our advisors offer products from unaffiliated carriers on a limited basis, including variable annuities, life insurance and long term care insurance products issued by a select number of unaffiliated insurance companies. Ameriprise Financial Institutions Group currently offers certain additional fixed and variable insurance as well as annuity products available only through our bank channel.

We receive a portion of the revenue generated from the sale of life and disability insurance policies of unaffiliated insurance companies. We are paid distribution fees on annuities sales of unaffiliated insurance companies based on a portion of the revenue generated from such sales and asset levels. These insurance companies may also pay us an administrative service fee in connection with the sale of their products.

Cash Management and Banking Products

Our Advice & Wealth Management segment currently offers (in some cases through a strategic partner) a variety of products including broker sweep programs, cash management accounts, margin loans and personal loans collateralized by investments. The broker sweep programs, the *Ameriprise* Insured Money Market Account ("AIMMA") and Ameriprise Bank Insured Sweep Account ("ABISA"), provide an automatic "sweep" of available cash balances in its clients' brokerage accounts into FDIC-insured deposit accounts. We believe the availability of these products play a key role in our Advice and Wealth Management business because they allow us to offer our clients a FDIC-insured alternative to other cash investment products. This suite of cash management products and capabilities will allow our clients to consolidate their assets with us while providing convenient access and flexible, high-quality service.

We have expanded our banking operations and products recently (as discussed above in "Business - History and Development") and are in the process of rolling out a suite of banking products. Ameriprise Bank currently makes available Ameriprise-branded credit cards and serves clients through its Personal Trust Services division of Ameriprise Bank. Personal Trust Services provides personal trust, custodial, agency and investment management services to help meet estate and wealth transfer needs of individual and corporate clients of our affiliated advisors. Personal Trust Services also uses some of our investment products in connection with its services. Ameriprise Bank generally receives an asset-based fee for investment advice and other services based on assets managed. Moving forward, Ameriprise Bank plans to offer (in some cases through a strategic partner) a more robust set of banking products including checking and savings accounts, mortgage financing and home equity lines of credit. Ameriprise Bank's strategy and operations are focused on serving affiliated advisor clients. We provide our banking products primarily through our affiliated advisors and believe the availability of these products supports our financial advisors' ability to meet the cash and liquidity needs of our clients.

Face-Amount Certificates

We issue different types of face-amount certificates through Ameriprise Certificate Company, a wholly-owned subsidiary of Ameriprise Financial. Ameriprise Certificate Company is registered as an investment company under the Investment Company Act of 1940 ("Investment Company Act"). Owners of our certificates invest funds and, at the end of a stated term or upon demand, are entitled to receive a determinable amount of money equal to their aggregate investments in the certificate plus interest at rates we determine, less early withdrawals and related penalties, if applicable. For certain types of certificate products, the rate of interest is calculated in whole or in part based on any upward movement in a broad-based stock market index up to a maximum return, where the maximum is a fixed rate for a given term, but can be changed at our discretion for prospective terms.

As of December 31, 2019, we had $7.5 billion in total certificate reserves underlying our certificate products. Our earnings are based upon the difference, or "spread," between the interest rates credited to certificate holders and the interest earned on the cash invested. A portion of these earnings is used to compensate the various affiliated entities that provide management, administrative and other services to our company for these products. In times of weak performance in the equity markets, certificate sales are generally stronger.

Financial Wellness Program

Through our Financial Wellness Program, we provide workplace financial planning and educational programs to employees of major corporations, small businesses and school district employees. In addition, we provide training and support to financial advisors working on-site at company locations. These advisors present educational seminars, conduct one-on-one meetings and participate in client educational events. We also provide financial advice service offerings, such as financial planning and executive financial services, which are tailored to distinct employee segments.

Strategic Alliances and Other Marketing Arrangements

We use strategic marketing alliances, local marketing programs for our advisors, and on-site workshops through our Business Alliances group to generate new clients for our financial planning and other financial services. An important aspect of our strategy is creating alliances that help us generate new financial services clients within our target market segment - the mass affluent and affluent, and increasingly those with $500,000 to $5,000,000 in investable assets. Our alliance arrangements are generally for a limited duration of one to five years with an option to renew. Additionally, these types of marketing arrangements typically provide that either party may terminate the agreements on short notice, usually about sixty days. We compensate our alliance partners for providing opportunities to market to their clients.

Our Segments - Asset Management

Through Columbia Threadneedle Investments, our Asset Management segment provides investment management, advice and products to retail, high net worth and institutional clients on a global scale.

Columbia Management primarily provides products and services in the U.S. and Threadneedle primarily provides products and services internationally. As noted above, we refer to the group of companies in Ameriprise Asset Management Holdings GmbH and Threadneedle Asset Management Holdings Sarl as "Threadneedle." "Columbia Threadneedle Investments" refers to both Columbia Management and Threadneedle and reflects the global manner in which we think about and operate our asset management business, which is in line with the *Columbia Threadneedle Investments* brand. We offer U.S. retail clients a range of products through both unaffiliated third-party financial institutions and our Advice & Wealth Management segment. We provide institutional products and services through our institutional sales force. Retail products for non-U.S. retail investors are primarily distributed through third-party

financial institutions and unaffiliated financial advisors. Retail products include U.S. mutual funds and their non-U.S. equivalents, exchange-traded funds ("ETFs") and variable product funds underlying insurance and annuity separate accounts. Institutional asset management services are designed to meet specific client objectives and may involve a range of products, including those that focus on traditional asset classes, separately managed accounts, collateralized loan obligations ("CLOs"), hedge fund or alternative strategies, collective funds and property funds. CLOs, hedge fund or alternative strategies and certain private funds are often classified as alternative assets. Our Asset Management segment also provides all intercompany asset management services for Ameriprise Financial subsidiaries. The fees for such services are reflected within the Asset Management segment results through intersegment transfer pricing. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management and Annuities and Protection segments. All intersegment activity is eliminated in our consolidated results.

Revenues in the Asset Management segment are primarily earned as fees based on managed asset balances, which are impacted by market movements, net asset flows, asset allocation and product mix. We may also earn performance fees from certain accounts where investment performance meets or exceeds certain pre-identified targets. At December 31, 2019, our Asset Management segment had $494.2 billion in worldwide managed assets.

Managed assets include managed external client assets and managed owned assets. Managed external client assets include client assets for which we provide investment management services, such as the assets of the *Columbia Threadneedle Investments* fund families and the assets of institutional clients. Managed external client assets also include assets managed by sub-advisers we select. Our external client assets are not reported on our Consolidated Balance Sheets, although certain investment funds marketed to investors may be consolidated at certain times. See Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on consolidation principles. Managed owned assets include certain assets on our Consolidated Balance Sheets (such as the assets of the general account and the variable product funds held in the separate accounts of our life insurance subsidiaries) for which the Asset Management segment provides management services and receives management fees. For additional details regarding our assets under management and administration, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Investment Management Capabilities

The investment management activities of Columbia Threadneedle Investments are conducted through investment management teams located in multiple locations, including Boston, Chicago, Houston, Los Angeles, London, Minneapolis, New York, Menlo Park, Portland and Singapore. Each investment management team may focus on particular investment strategies, asset types, products and on services offered and distribution channels utilized. Within the global asset management business, we deploy our investment teams across multiple jurisdictions pursuant to sub-advisory and personnel sharing arrangements on an intercompany basis.

Our investment management capabilities span a broad range of asset classes and investment styles. The portfolios underlying our product and service offerings may focus on providing solutions to investors through one or more U.S. or non-U.S. equity, fixed income, bank loan, property, multi-asset allocation, alternative (including real estate and liquid alternatives) or other asset classes. The strategies utilized in the management of such portfolios varies depending on the needs and desired outcomes or objectives of individual and institutional investors. We continually assess these capabilities to help ensure our product and services offerings are responsive to the evolving needs of our clients.

Product and Service Offerings

We offer a broad spectrum of investment management, advice and products to individual, institutional and high-net worth investors. In an effort to address changing market conditions and the evolving needs of investors, we may from time to time develop and offer new retail and institutional investment products with new and/or innovative investment strategies, including U.S. mutual funds and their non-U.S. equivalents, ETFs, separately managed accounts, hedge or alternative funds, and other private funds, CLOs and collective funds. Below is an overview of our Asset Management offerings.

U.S. Registered Funds

We provide investment advisory, distribution, and other services to the *Columbia Management* family of funds. The *Columbia Management* family of funds includes retail mutual funds, exchange-listed ETFs and U.S. closed-end funds and variable insurance trust funds ("VIT Funds"). Retail mutual funds are available through unaffiliated third-party financial institutions and the *Ameriprise*® financial advisor network. VIT Funds are available as underlying investment options in variable annuity and variable life insurance products, including *RiverSource*® products. The *Columbia Management* family of funds includes domestic and international equity funds, fixed income funds, cash management funds, balanced funds, specialty funds, absolute return and other alternative funds and asset allocation funds, including fund-of-funds, with a variety of investment objectives. The *Columbia Management* family of funds also uses sub-advisers to diversify the product offerings it makes available to investors on its VIT Funds and retail mutual funds platforms. At December 31, 2019, our sponsored U.S. retail mutual funds, ETFs, and U.S. closed-end funds had total managed assets of $164.7 billion in 148 funds. The VIT Funds that we sponsor and manage had total managed assets at December 31, 2019 of $76.8 billion in 70 funds.

Columbia Management serves as investment manager for most of our U.S. mutual funds as well as our exchange-listed ETFs and U.S. closed-end funds. Columbia Wanger Asset Management, LLC ("Columbia Wanger"), a subsidiary of Columbia Management, also serves as investment manager for certain funds, which are included in the totals noted in the preceding paragraph. In addition, several of our subsidiaries perform related services for the funds, including distribution, accounting, administrative and transfer

agency services. Columbia Management and Columbia Wanger perform investment management services pursuant to contracts with the U.S. registered funds that are subject to renewal by the fund boards within two years after initial implementation, and on an annual basis thereafter. We earn management fees for managing the assets of the *Columbia Management* family of mutual funds based on the underlying asset values. We also earn fees by providing related services to the *Columbia Management* family of funds.

Non-U.S. Funds

Threadneedle offers a fund product range that includes different risk-return options across regions, markets, asset classes and product structures, which include retail funds that are similar to U.S. mutual funds. These funds are marketed to non-U.S. persons and the majority are often referred to as UCITS products (Undertakings for Collective Investment in Transferable Securities). UCITS and other funds offered by Threadneedle typically are structured as Open Ended Investment Companies ("OEICs") in the UK and as Société d'investissement à Capital Variable ("SICAVs") in Luxembourg, as well as unit trusts. Threadneedle also sponsors, manages and offers UK property funds that invest in UK real estate. Many of our non-U.S. fund offerings are registered in and distributed across multiple jurisdictions. For example, our SICAVs are offered in many jurisdictions and are now our primary offering to investors outside of the UK and U.S. At December 31, 2019, our non-U.S. retail funds had total managed assets of $45.9 billion in 156 funds.

Threadneedle Asset Management Ltd. serves as investment manager for most of our non-U.S. fund products and earns management fees based on underlying asset values for managing the assets of these funds. Certain Threadneedle affiliates also earn fees by providing ancillary services to the funds. In addition, certain non-U.S. funds or portions of the portfolios underlying such funds may receive sub-advisory services, including services provided by both Columbia Threadneedle Investments personnel and other unaffiliated advisers.

Separately Managed Accounts

We provide a range of global investment management services, including pension, profit-sharing, employee savings, sovereign wealth funds and endowment funds, accounts of large- and medium-sized businesses and governmental clients, as well as the accounts of high-net-worth individuals and smaller institutional clients, including tax-exempt and not-for-profit organizations. Our services include investment of funds on a discretionary or non-discretionary basis and related services including trading, cash management and reporting. We offer various fixed income, equity and alternative investment strategies for our institutional clients with separately managed accounts. Columbia Management and Threadneedle distribute products of the other under the *Columbia Threadneedle Investments* brand, including Threadneedle's offering various investment strategies of Columbia Management to non-U.S. clients and Columbia Management's offering of certain investment strategies of Threadneedle to U.S. clients.

For our investment management services, we generally receive fees based on the market value of managed assets pursuant to contracts the client can terminate on short notice. Clients may also pay us fees based on the performance of their portfolio. At December 31, 2019, within our *Columbia Threadneedle Investments* asset management business we managed a total of $116.2 billion in assets under this range of services.

Management of Owned Assets

We provide investment management services and include management fees for certain assets on our Consolidated Balance Sheets, such as the assets held in the general account of our RiverSource Life companies and assets held by Ameriprise Certificate Company and Ameriprise Bank. Our fixed income team manages the general account assets to produce a consolidated and targeted rate of return on investments based on a certain level of risk. Our fixed income and equity teams also manage separate account assets. The Asset Management segment's management of owned assets for Ameriprise Financial subsidiaries is reviewed by the boards of directors and staff functions of the applicable subsidiaries consistent with regulatory investment requirements. At December 31, 2019, the Asset Management segment managed $41.9 billion of owned assets.

Management of Collateralized Loan Obligations ("CLOs")

Columbia Threadneedle Investments has a team of investment professionals who provide collateral management services to special purpose vehicles which primarily invest in syndicated bank loans and issue multiple tranches of securities collateralized by the assets of each pool to provide investors with various maturity and credit risk characteristics. For collateral management of CLOs, we earn fees based on the par value of assets and, in certain instances, we may also receive performance-based fees. At December 31, 2019, we managed $2.4 billion of assets related to CLOs.

Private Funds

We also provide investment management and related services to private, pooled investment vehicles organized as limited partnerships, limited liability companies, or foreign (non-U.S.) entities. These funds are currently exempt from registration under the Investment Company Act under either Section 3(c)(1), Section 3(c)(5), Section 3(c)(7) or related interpretative relief and are organized as U.S. and non-U.S. funds. These funds are subject to local regulation in the jurisdictions where they are formed or marketed. For investment management services, we generally receive fees based on the market value of assets under management, and we may also receive performance-based fees. As of December 31, 2019, we managed $4.5 billion in private fund assets.

Lionstone Investments, a subsidiary of Columbia Management, also serves as investment manager for certain private funds (in addition to separate accounts), which are included in the totals noted in the preceding paragraph.

Ameriprise Trust Company - Collective Funds and Separately Managed Accounts

Collective funds are investment funds sponsored by ATC (our Minnesota-chartered trust company); these funds are exempt from registration with the Securities and Exchange Commission ("SEC") and are offered to certain qualified institutional clients such as retirement, pension, and profit-sharing plans. Columbia Management currently serves as investment adviser to ATC with respect to a series of ATC collective funds covering a broad spectrum of investment strategies for which ATC serves as trustee. ATC receives fees for its investment management services to the collective funds, and Columbia Management receives fees from ATC pursuant to an agreement with ATC for the investment advisory services provided by Columbia Management. The fees payable to ATC and Columbia Management are generally based upon a percentage of assets under management. In addition to its collective funds, ATC serves as investment manager to separately managed accounts for qualified institutional clients.

As of December 31, 2019, we managed $6.5 billion of ATC Funds and separate accounts for ATC clients. This amount does not include the *Columbia Management* family of funds held in other retirement plans because these assets are included under assets managed for institutional and retail clients and within the "Product and Service Offerings - U.S. Registered Funds" section above.

Sub-advised Accounts

In addition, we act as sub-adviser for certain U.S. and non-U.S. funds, private banking individually managed accounts, common trust funds, and other portfolios sponsored or advised by other firms. As with our affiliated funds, we earn management fees for these sub-advisory services based on the underlying asset value of the funds and accounts we sub-advise. For these accounts, we may also receive fees based on the performance of the underlying portfolio. As of December 31, 2019, we managed $35.3 billion in assets in a sub-advisory capacity.

Distribution

We maintain distribution teams and capabilities that support the sales, marketing, and support of the products and services of our global asset management business. These distribution activities are generally organized into two major categories: retail distribution and institutional/high net worth distribution.

Retail Distribution

Columbia Management Investment Distributors, Inc. acts as the principal underwriter and distributor of our *Columbia Management* family of funds. Pursuant to distribution agreements with the funds, we offer and sell fund shares on a continuous basis and pay certain costs associated with the marketing and selling of shares. We earn commissions for distributing the *Columbia Management* funds through sales charges (front-end or back-end loads) on certain classes of shares and distribution (12b-1) and servicing-related fees based on a percentage of fund assets and receive intersegment allocation payments. This revenue is impacted by overall asset levels and mix of the funds.

Columbia Management fund shares are sold through both our Advice & Wealth Management segment and through unaffiliated third-party financial intermediaries, including U.S. Trust and Bank of America (from whom we acquired Columbia Management in 2010). Fees and reimbursements paid to such intermediaries may vary based on sales, redemptions, asset values, asset allocation, product mix, and marketing and support activities provided by the intermediary. Intersegment distribution expenses for services provided by our Advice & Wealth Management Segment are eliminated in our consolidated results.

Threadneedle funds are sold primarily through financial intermediaries and institutions, including banks, life insurance companies, independent financial advisers, wealth managers and platforms offering a variety of investment products. Threadneedle also distributes directly to certain clients. Various Threadneedle affiliates serve as the distributors of these fund offerings and are authorized to engage in such activities in numerous countries across Europe, the Middle East, the Asia-Pacific region and Africa. Certain *Threadneedle* fund offerings, such as its UCITS products, may be distributed on a cross-border basis while others are distributed exclusively in local markets.

Institutional and High Net Worth Distribution

We offer separately managed account services and certain funds to high net worth clients and to a variety of institutional clients, including pension plans, employee savings plans, foundations, sovereign wealth funds, endowments, corporations, banks, trusts, governmental entities, high-net-worth individuals and not-for-profit organizations. We provide investment management services for insurance companies, including our insurance subsidiaries. We also provide a variety of services for our institutional clients that sponsor retirement plans. We have dedicated institutional sales teams that market directly to such institutional clients. We concentrate on establishing strong relationships with both institutional clients as well as leading global and national consultancy firms across North America, Europe, the Middle East, Asia and Australia.

Our Segments - Annuities

Our Annuities segment provides *RiverSource* variable and fixed annuity products to individual clients. Our solutions in this segment and our Protection segment help us deliver on our *Confident Retirement* approach.

The RiverSource Life companies provide variable and fixed annuity products through our advisors. These products are designed to help individuals address their asset accumulation and income goals. Revenues for our variable annuity products are primarily earned as fees based on underlying account balances, which are impacted by both market movements and net asset flows. Revenues for our fixed deferred annuity products are primarily earned as net investment income on the RiverSource Life companies' general account

assets supporting fixed account balances, with profitability significantly impacted by the spread between net investment income earned and interest credited on the fixed account balances. We also earn net investment income on general account assets supporting reserves for immediate annuities with a non-life contingent feature and for certain guaranteed benefits offered with variable annuities and on capital supporting the business. Revenues for our immediate annuities with a life contingent feature are earned as premium revenue. Intersegment revenues for this segment reflect fees paid by our Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds previously discussed (see "Business - Our Segments - Asset Management - Product and Service Offerings - U.S. Registered Funds," above) under the variable annuity contracts. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management segment, as well as expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results.

Our annuity products include deferred variable and fixed annuities as well as immediate annuities. The relative proportion between fixed and variable annuity sales is generally driven by the relative performance of the equity and fixed income markets. Fixed sales are generally stronger when yields available in the fixed income markets are relatively high. Variable sales are generally stronger in times of superior performance in equity markets. The relative proportion between fixed and variable annuity sales is also influenced by product design and other factors. In addition to the revenues we generate on any fixed investment option available within our variable annuity products, we also receive fees charged on assets allocated to our separate accounts to cover administrative costs and a portion of the management fees from the underlying investment accounts in which assets are invested, as discussed below under "Variable Annuities." Investment management performance is critical to the profitability of our *RiverSource* annuity business.

Variable Annuities

A variable annuity provides a contractholder with investment returns linked to underlying investment accounts of the contractholder's choice. The underlying investment account options may include the VIT Funds previously discussed (see "Business - Our Segments - Asset Management - Product and Service Offerings - U.S. Registered Funds," above) and variable portfolio funds offered through unaffiliated companies.

Contract purchasers can choose to add optional benefits to their contracts for an additional fee, including but not limited to, certain guaranteed minimum death benefits (individually, "GMDB"), a guaranteed minimum withdrawal benefit ("GMWB") and a guaranteed minimum accumulation benefit ("GMAB"). Approximately 99% of RiverSource Life's overall variable annuity assets include a GMDB and approximately 64% of RiverSource Life's overall variable annuity assets include a GMWB or GMAB. In general, these features can help protect contractholders and beneficiaries from a shortfall in death benefits, accumulation value or lifetime income due to a decline in the value of their underlying investment accounts. In January 2020 we launched a new structured annuity product that we believe will diversify our annuity offerings away from living benefit features.

The general account assets of the RiverSource Life insurance subsidiaries support the contractual obligations under the guaranteed benefit they offer (see "Business - Our Segments - Asset Management - Product and Service Offerings - Management of Owned Assets" above). As a result, we bear the risk that protracted under-performance of the financial markets could result in guaranteed benefit payments being higher than what current account values would support. Our exposure to risk from guaranteed benefits generally will increase when equity markets decline. Similarly, our guaranteed benefit reserves will generally increase when interest rates decline.

RiverSource variable annuities generally provide us with fee-based revenue in the form of mortality and expense risk fees, marketing support and administrative fees, fees charged for optional benefits and features elected by the contractholder, and other contract charges. Our new structured annuity introduced in 2020 does not have mortality and expense fees. We receive marketing support payments from the VIT Funds underlying our variable annuity products as well as Rule 12b-1 distribution and servicing-related fees from the VIT Funds and the underlying funds of other companies. In addition, we receive marketing support payments from other companies' funds included as investment options in our *RiverSource* variable annuity products.

Fixed Annuities

RiverSource fixed deferred annuity products provide a contractholder with contract value that increases by a fixed or indexed interest rate. We periodically reset rates at our discretion subject to certain contract terms establishing guaranteed minimum interest crediting rates. Our earnings from fixed deferred annuities are based upon the spread between rates earned on assets purchased with fixed deferred annuity deposits and the rates at which interest is credited to our *RiverSource* fixed deferred annuity contracts. New contracts issued provide guaranteed minimum interest rates in compliance with state laws. Immediate annuity products provide a contractholder a guaranteed fixed income payment for life or the term of the contract.

Distribution

Our RiverSource Distributors subsidiary is a registered broker-dealer that serves both as the principal underwriter and distributor of *RiverSource* variable and fixed annuities through AFS. Our advisor network is the largest distributor of *RiverSource* annuity products, although advisors can offer variable annuities from selected unaffiliated insurers as well.

Liabilities and Reserves for Annuities

We maintain adequate financial reserves to cover the risks associated with guaranteed benefit provisions added to variable annuity contracts in addition to liabilities arising from fixed and variable annuity base contracts. You can find a discussion of liabilities and

reserves related to our annuity products in Part II, Item 7A of this Annual Report on Form 10-K - “Quantitative and Qualitative Disclosures About Market Risk,” as well as in Note 2, Note 11, Note 12 and Note 17 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Financial Strength Ratings

Our insurance company subsidiaries that issue *RiverSource* annuity products receive ratings from independent rating organizations. Ratings are important to maintain public confidence in our insurance subsidiaries and our protection and annuity products. For a discussion of the financial strength ratings of our insurance company subsidiaries, see the “Our Segments - Protection - Financial Strength Ratings” section below.

Our Segments - Protection

Our Protection segment provides a variety of products to address the protection and risk management needs of our retail clients, including life and disability income insurance. These products are designed to provide a lifetime of solutions that allow clients to protect income, grow assets and leave a legacy.

Life and disability income products are primarily provided through our advisors. We issue insurance policies through our *RiverSource* life insurance subsidiaries. The primary sources of revenues for this segment are premiums, fees and charges we receive to assume insurance-related risk. We earn net investment income on owned assets supporting insurance reserves and capital supporting the business. We also receive fees based on the level of the RiverSource Life companies’ separate account assets supporting variable universal life investment options. This segment earns intersegment revenues from fees paid by our Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds under the variable universal life contracts. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management segment, as well as expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in consolidation.

RiverSource Insurance Products

Through the RiverSource Life companies, we issue universal life insurance, indexed universal life insurance, variable universal life insurance, traditional life insurance and disability income insurance. Universal life insurance is a form of permanent life insurance characterized by flexible premiums, flexible death benefits and unbundled pricing factors (i.e., mortality, interest and expenses). Variable universal life insurance combines the premium and death benefit flexibility of universal life with underlying fund investment flexibility and the risks associated therewith. Traditional life insurance refers to whole and term life insurance policies. Traditional life insurance typically pays a specified sum to a beneficiary upon death of the insured for a fixed premium. We also offer our clients various riders and alternatives, such as an accelerated benefit rider for chronic illness on our permanent insurance products and a universal life insurance product with long term care benefits.

Our sales of *RiverSource* individual life insurance in 2019, as measured by scheduled annual premiums, lump sum and excess premiums and single premiums, consisted of approximately 71% universal life, 26% variable universal life and 3% traditional life. Our RiverSource Life companies issue only non-participating life insurance policies that do not pay dividends to policyholders from the insurer’s earnings.

Assets supporting policy values associated with fixed account life insurance products, as well as those assets associated with fixed account investment options under variable insurance products (collectively referred to as the “fixed accounts”), are part of the RiverSource Life companies’ general accounts. Under fixed accounts, the RiverSource Life companies bear the investment risk. More information regarding the RiverSource Life companies’ general accounts is found under “Business - Our Segments - Asset Management - Product and Service Offerings - Management of Owned Assets” above.

Variable Universal Life Insurance

Variable universal life insurance provides life insurance coverage along with investment returns linked to underlying investment accounts of the policyholder’s choice. Investment options may include the VIT Funds discussed above, Portfolio Navigator and Portfolio Stabilizer funds of funds, an index-linked option, as well as variable portfolio funds offered through unaffiliated companies.

Universal Life Insurance and Traditional Whole Life Insurance

Universal life and traditional whole life insurance policies do not subject the policyholder to the investment risks associated with variable universal life insurance.

RiverSource universal life insurance products provide life insurance coverage and cash value that increases by a fixed interest rate. The rate is periodically reset at the discretion of the issuing company subject to certain policy terms relative to minimum interest crediting rates. Certain universal life policies offered by RiverSource Life provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

RiverSource indexed universal life insurance (“IUL”) provides lifetime insurance protection and asset growth through index-linked interest crediting. IUL is similar to universal life insurance in that it provides life insurance coverage and cash value that increases as a result of credited interest as well as a minimum guaranteed credited rate of interest.

We previously discontinued new sales of traditional whole life insurance; however, we continue to service existing policies. Our in-force traditional whole life insurance policies combine a death benefit with a cash value that generally increases gradually over a period of years.

Term Life Insurance

Term life insurance provides a death benefit, but it does not accumulate cash value. The policyholder chooses the term of coverage with guaranteed premiums at the time of issue. During the chosen term, we cannot raise premium rates (even if claims experience deteriorates). At the end of the chosen term, coverage may continue with higher premiums until the maximum age is attained, or the policy expires with no value.

Disability Income Insurance

Disability income insurance provides monthly benefits to individuals who are unable to earn income either at their occupation at time of disability ("own occupation") or at any suitable occupation ("any occupation") for premium payments that are guaranteed not to change. Depending upon occupational and medical underwriting criteria, applicants for disability income insurance can choose "own occupation" and "any occupation" coverage for varying benefit periods. In some states, applicants may also choose various benefit provisions to help them integrate individual disability income insurance benefits with Social Security or similar benefit plans and to help them protect their disability income insurance benefits from the risk of inflation.

Distribution and Marketing Channels

We offer *RiverSource* life insurance products almost exclusively through our advisors. Our advisors offer insurance products issued predominantly by the RiverSource Life companies, though they may also offer insurance products of unaffiliated carriers, subject to certain qualifications.

Reinsurance

We reinsure a portion of the insurance risks associated with our annuity, life, disability income and long term care (included in our Corporate & Other segment) products through reinsurance agreements with unaffiliated reinsurance companies. We use reinsurance to limit losses, reduce exposure to large and catastrophic risks, and provide additional capacity for future growth. To manage exposure to losses from reinsurer insolvencies, we evaluate the financial condition of reinsurers prior to entering into new reinsurance treaties and on a periodic basis during the terms of the treaties. Our insurance companies remain primarily liable as the direct insurers on all risks reinsured.

See Note 7 and Note 8 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on reinsurance.

Liabilities and Reserves for Insurance

We maintain adequate reserves to cover the insurance risks associated with the insurance products we issue in addition to the liabilities arising from base contracts. You can find a discussion of liabilities and reserves related to our insurance products in Note 2, Note 11, Note 12 and Note 17 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. Applicable state insurance laws generally require us to assess and submit an opinion regarding the adequacy of our statutory-based reserves on an annual basis. For a discussion of the statutory-based financial statements related to our insurance products, see Note 23 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Financial Strength Ratings

Independent rating organizations continually evaluate the financial soundness and claims-paying ability of insurance companies, and they base their ratings on a number of different factors, including market position in core products and market segments, risk-adjusted capitalization and the quality of the company's investment portfolios. More specifically, the ratings assigned are developed from an evaluation of a company's balance sheet strength, operating performance and business profile. Balance sheet strength reflects a company's ability to meet its current and ongoing obligations to its contractholders and policyholders and includes analysis of a company's capital adequacy. The evaluation of operating performance centers on the stability and sustainability of a company's sources of earnings. The business profile component of the rating considers a company's mix of business, market position and depth and experience of management.

Our insurance subsidiaries' ratings are important to maintain public confidence in our protection and annuity products. We list our insurance subsidiaries' financial strength ratings on our website at ir.ameriprise.com. For the most current ratings information, please see the individual rating agency's website.

Our Segments - Corporate & Other

Our Corporate & Other segment consists of the long term care business and net investment income or loss on corporate level assets, including excess capital held in our subsidiaries and other unallocated equity and other revenues as well as unallocated corporate expenses. Prior to the sale on October 1, 2019, our Ameriprise Auto and Home Insurance business was included in this segment.

Closed Block Long Term Care Insurance

Prior to December 31, 2002, the RiverSource Life companies underwrote stand-alone long term care ("LTC") insurance. We discontinued offering LTC insurance as of December 31, 2002. A large majority of our closed block LTC is comprised of nursing home indemnity LTC or comprehensive reimbursement LTC. Generally, our policyholders are eligible for LTC benefits if they become cognitively impaired or unable to perform certain activities of daily living.

Nursing home indemnity LTC policies provide a predefined daily benefit if the insured is confined to a nursing home, subject to various maximum benefit periods, regardless of actual expenses of the policyholder. Our older generation nursing home indemnity LTC policies were written between 1989 through 1999 and represent half of our policies.

Comprehensive reimbursement LTC policies provide a predefined maximum daily benefit if the insured is confined to a nursing home and covers a variety of LTC expenses including assisted living, home and community care, adult day care and similar placement programs, subject to various maximum total benefit payment pools, on a cost-reimbursement basis. Our second generation comprehensive reimbursement LTC policies were written from 1997 until 2002.

Our closed block LTC was sold on a guaranteed renewable basis which allows us to re-price in force policies, subject to regulatory approval. Premium rates for LTC policies vary by age, benefit period, elimination period, home care coverage and benefit increase option. Premium rates are based on assumptions concerning morbidity, mortality, persistency, administrative expenses, investment income and profit. We develop our assumptions based on our own claims and persistency experience. In line with the market, we have pursued nationwide premium rate increases for many years and expect to continue to pursue rate increases over the next several years. In general, since very little of our LTC business is subject to rate stability regulation, we have followed a policy of pursuing smaller, more frequent increases rather than single large increases in order to align policyholder and shareholder objectives. We also provide policyholders with options to reduce their coverage to lessen or eliminate the additional financial outlay that would otherwise result.

For existing LTC policies, RiverSource Life has continued ceding 50% of the risk on a coinsurance basis to subsidiaries of Genworth Financial, Inc. ("Genworth") and retains the remaining risk. For RiverSource Life of NY, this reinsurance arrangement applies for 1996 and later issues only. Under these agreements, we have the right, but never the obligation, to recapture some, or all, of the risk ceded to Genworth.

For more information regarding LTC, see Part II, Item 7 of this Annual Report on Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations – Corporate and Other."

Competition

We operate in a highly competitive global industry. As a diversified financial services firm, we compete directly with a variety of financial institutions, including registered investment advisors, securities brokers, asset managers, banks and insurance companies. Our competitors may have greater financial resources, broader and deeper distribution capabilities and more robust products and services than we do. We directly compete for the provision of products and services to clients, as well as for our financial advisors and investment management personnel. Certain of our competitors offer web-based or mobile-based financial services and discount brokerage services, usually with lower levels of service, to individual clients.

Our Advice & Wealth Management segment competes with securities broker-dealers, independent broker-dealers, financial planning firms, registered investment advisors, insurance companies and other financial institutions to attract and retain financial advisors and clients. Competitive factors influencing our ability to attract and retain financial advisors include compensation structures, brand recognition and reputation, product offerings, and technology and service capabilities and support. Further, our financial advisors compete for clients with a range of other advisors, broker-dealers and direct channels. This includes wirehouses, regional broker-dealers, independent broker-dealers, insurers, banks, asset managers, registered investment advisers and direct distributors. Competitive factors influencing our ability to attract and retain clients include quality of advice provided, price, reputation, advertising and brand recognition, product offerings, technology offerings and service quality.

Our Asset Management segment competes on a global basis to acquire and retain managed and administered assets against a substantial number of firms, including those in the categories listed above. Such competitors may have achieved greater economies of scale, offer a broader array of products and services, offer products with a stronger performance record and have greater distribution capabilities. Competitive factors influencing our performance in this industry include investment performance, product offerings and innovation, product ratings, fee structures, advertising, service quality, brand recognition, reputation and the ability to attract and retain investment personnel. Furthermore, changes in investment preferences or investment management strategy (for example, "active" or "passive" investing styles), client or regulatory requirements on use of client commissions for research, and downward pressure on fees present various challenges to our business and may favor different competitors that focus more on "passive" investing styles. Regulators are increasingly mandating that mutual fund boards produce evidence of the value each fund share class delivers to investors and are also questioning the value of performance fee models, which may lead to downward pressure on fees. The ability to

create, maintain and deepen relationships with distributors and clients also plays a significant role in our ability to acquire and retain managed and administered assets. The impact of these factors on our business may vary from country to country and certain competitors may have certain competitive advantage in certain jurisdictions. As an example, the implementation of the terms of the British exit from the European Union ("EU") (commonly known as "Brexit") and other regulatory or political impacts may ultimately favor certain types of asset managers in the EU.

Competitors of our Annuities and Protection segments consist of both stock and mutual insurance companies. Competitive factors affecting the sale of annuity and insurance products include distribution capabilities, price, product features, hedging capability, investment performance, commission structure, perceived financial strength, claims-paying ratings, service, advertising, brand recognition and financial strength ratings from rating agencies such as A.M. Best.

Technology

We have an integrated and recently updated customer management system that serves as the hub of our technology platform. In addition, we have specialized product engines that manage various accounts, and over the years we have updated our platform to include new product lines. We also use a proprietary suite of processes, methods and tools for our financial planning services. We update our technological capabilities regularly to help maintain an adaptive platform design that aims to enhance the productivity of our advisors to allow for faster, lower-cost responses to emerging business opportunities, compliance requirements and marketplace and cybersecurity trends.

We have developed and maintain a comprehensive business continuity plan that utilizes an all-hazards approach to cover potential business disruptions to centrally controlled systems, platforms and facilities of varying severity and scope. This plan addresses, among other things, the loss of an entire geographic area, corporate buildings, staff, data systems and/or telecommunications capabilities regardless of their cause (e.g., flood, fire, terrorism or other denial or disruption of technology service). Our plan for cybersecurity incidents also provides a response framework for a breach of data protection. We periodically review, update and test our business continuity plan and data protection response manuals. We require our key technology vendors and service providers that deliver corporate-wide services and solutions to do the same. Additionally, we require our franchise advisors to create plans which cover such events for their locally controlled systems, data, staff and facilities.

Employees

At December 31, 2019, we had approximately 12,500 employees, including over 2,100 employee advisors (which does not include our franchisee advisors, who are not employees of our company, but does include advisors employed in the AAC and in our Ameriprise Financial Institutions Group). We are not subject to collective bargaining agreements, and we believe that our employee relations are satisfactory.

Intellectual Property

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. In the U.S. and other jurisdictions, we have established and registered, or filed applications to register, certain trademarks and service marks that we consider important to the marketing of our products and services, including but not limited to Ameriprise Financial, Threadneedle, RiverSource and Columbia Threadneedle Investments. We have in the past and will continue to establish and protect our intellectual property.

Regulation

Virtually all aspects of our business, including the activities of the parent company and our subsidiaries, are subject to various federal, state, and foreign laws and regulations. These laws and regulations provide broad regulatory, administrative and enforcement powers to supervisory agencies and other bodies, including U.S. federal and state regulatory and law enforcement agencies, foreign government agencies or regulatory bodies and U.S. and foreign securities exchanges. The costs of complying with such laws and regulations can be significant, and the consequences for the failure to comply may include civil or criminal charges, fines, censure, the suspension of individual employees, restrictions on or prohibitions from engaging in certain lines of business (or in certain states or countries), revocation of certain registrations and reputational damage. We have made and expect to continue to make significant investments in our compliance and supervision processes, enhancing policies, procedures and oversight to monitor our compliance with the numerous legal and regulatory requirements applicable to our business.

The regulatory environment in which we operate remains subject to change and heightened regulatory scrutiny. Regulatory developments, both in and outside of the U.S., have resulted or are expected to result in greater regulatory oversight and internal compliance obligations for firms across the financial services industry. In addition, we continue to see enhanced legislative and regulatory interest regarding retirement investing as well as cybersecurity and privacy matters, and we will continue to closely review and monitor any legislative or regulatory proposals and changes. States, such as California with the newly effective California Consumer Privacy Act, continue to add new complexity to the patchwork of laws already in existence relating to privacy and cybersecurity and we are expecting similar new laws this year in multiple states. The same is true for retirement investing where individual states continue to propose or enact rules that create more complexity in terms of a multitude of standards in place. These legal and regulatory changes have impacted and may in the future impact how we are regulated and how we operate and govern our businesses.

The discussion and overview set forth below provides a general framework of the primary laws and regulations impacting our businesses. Certain of our subsidiaries may be subject to one or more elements of this regulatory framework depending on the nature of their business, the products and services they provide and the geographic locations in which they operate. To the extent the discussion includes references to statutory and regulatory provisions, it is qualified in its entirety by reference to these statutory and regulatory provisions and is current only as of the date of this report.

Our Regulators

Broker-dealers registered under the Exchange Act

- American Enterprise Investment Services, Inc. (clearing B-D)
- Ameriprise Financial Services, LLC (introducing B-D)
- Columbia Management Investment Distributors, Inc. (limited purpose B-D)
- RiverSource Distributors, Inc. (limited purpose B-D)

Investment Advisers regulated by the SEC

- Ameriprise Financial Services, LLC
- Columbia Management Investment Advisers, LLC
- Columbia Wanger Asset Management, LLC
- Threadneedle International Ltd (FCA is primary regulator)
- Lionstone Partners, LLC

Banking and Trust-related entities

Entity	Regulator
Ameriprise Trust Company	Minnesota Dept of Commerce
Ameriprise Bank, FSB	Office of the Comptroller of the Currency

Board of Governors for the Federal Reserve System

- Ameriprise Financial, Inc.

Investment Companies registered under the Investment Company Act

- Ameriprise Certificate Company
- In addition, we advise numerous '40 Act funds

Commodities, Futures and Options Regulators

Entity	Regulator
American Enterprise Investment Services, Inc.	Commodity Futures Trading Commission (CFTC): Options Clearing Corporation
Ameriprise Financial Services, LLC	CFTC, National Futures Association (NFA)
Columbia Management Investment Advisers, LLC	CFTC, NFA
Threadneedle International Ltd	CFTC, NFA

Primary State Regulators for Insurance Companies/Agencies

Entity	Regulator
RiverSource Life Insurance Company	Minnesota Department of Commerce is domiciliary regulator
RiverSource Life Insurance Co. of New York	New York State Department of Financial Services is domiciliary regulator
Ameriprise Captive Insurance Company	State of Vermont Department of Banking, Insurance, Securities and Health Care Administration is domiciliary regulator

Primary International Regulators

Entity	Regulator	Jurisdiction
Threadneedle International Ltd	Financial Conduct Authority (FCA)	United Kingdom
Threadneedle Pensions Ltd	FCA; Prudential Regulatory Authority	United Kingdom
Threadneedle Investments Singapore (Pte.) Ltd	Monetary Authority of Singapore	Singapore
Threadneedle Management Luxembourg S.A.	Commission de Surveillance du Secteur Financier	Luxembourg
Threadneedle Portfolio Services Hong Kong Limited	Securities and Futures Commission	Hong Kong
Columbia Threadneedle Investments (ME) Limited	Dubai Financial Services Authority	Dubai

In addition to the regulators summarized above, we are also subject to regulation by self-regulatory organizations such as the Financial Industry Regulatory Authority ("FINRA"), various federal and state securities, insurance and financial regulators (such as regulatory agencies and bodies like the Federal Deposit Insurance Corporation and the U.S. Department of Labor ("DOL")) in the U.S. and in foreign jurisdictions (such as the European Securities and Markets Authority and the national financial regulator for each European country) where we do business.

Advice and Wealth Management Regulation

Certain of our subsidiaries are registered with the SEC as broker-dealers under the Securities Exchange Act of 1934 ("Exchange Act") and with certain states, the District of Columbia and other U.S. territories. Our broker-dealer subsidiaries are also members of self-regulatory organizations, including FINRA, and are subject to the regulations of these organizations. The SEC and FINRA have stringent rules with respect to the net capital requirements and the marketing and trading activities of broker-dealers. Our broker-dealer subsidiaries, as well as our financial advisors and other personnel, must obtain all required state and FINRA licenses and registrations to engage in the securities business and take certain steps to maintain such registrations in good standing. SEC regulations also impose notice requirements and capital limitations on the payment of dividends by a broker-dealer to a parent.

Our financial advisors are representatives of a dual registrant, meaning it is registered both as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act") and as a broker-dealer. Our advisors are subject to various regulations that impact how they operate their practices, including those related to supervision, sales methods, trading practices, record-keeping and financial reporting. In addition, because our independent contractor advisor platform is structured as a franchise system, we are also subject to Federal Trade Commission and state franchise requirements. As noted earlier, we continue to see enhanced legislative and regulatory interest regarding retirement investing and financial advisors, including proposed rules, regulatory priorities or general discussions around transparency and disclosure in advisor compensation and recruiting, identifying and managing conflicts of interest and enhanced data collection.

In June 2019 the SEC adopted a package of rulemakings and interpretations related to the provision of advice by broker-dealers and investment advisers, including Regulation Best Interest and the Client Relationship Summary (Form CRS) effective June 30, 2020. Among other things, Regulation Best Interest requires a broker-dealer to act in the best interest of a retail customer when making a recommendation to that customer of any securities transaction or investment strategy involving securities. The regulation entails heightened standards for broker-dealers, and we anticipate incurring additional costs in order to review and modify our policies and procedures, as well as associated supervisory and compliance controls and the provision of Form CRS to clients. Furthermore, several states have either issued their own best interest or fiduciary rules or are considering doing so and those rules may be limited to certain types of products (e.g. insurance and annuities, financial planning, etc.) or may broadly cover all recommendations made by financial advisors. The DOL has included on its regulatory agenda fiduciary rulemaking regarding investment advice to clients who hold assets in IRAs and certain employer-sponsored retirement plan accounts. The Certified Financial Planner Board has updated its professional standards of conduct to include a fiduciary standard that will apply to financial advisors who hold a Certified Financial Planner designation. Currently, Ameriprise has approximately 4,100 financial advisors who hold a Certified Financial Planner designation. Considering the various fiduciary rules and regulations that have been proposed or finalized, we continue to exert significant efforts to evaluate and prepare to comply with each rule. Depending on the span and substance of any regulations and timing of their applicability, the scope of any implementation could impact the way we compensate our advisors, particularly with respect to the sale of commission-based products, the access that representatives of affiliated and unaffiliated product manufacturers could have to our advisors and clients, and the manner and degree to which we and our advisors could have selling and marketing costs reimbursed by product manufacturers. We have incurred infrastructure costs in anticipation of compliance with these new regulations, and ongoing costs will be driven by how these regulations evolve over the course of time.

Other agencies, exchanges and self-regulatory organizations of which certain of our broker-dealer subsidiaries are members, and subject to applicable rules and regulations of, include the Commodities Futures Trading Commission ("CFTC") and the National Futures Association ("NFA"). Effective in August 2014, AFS changed its registration with the CFTC from a Futures Commission Merchant to a Commodity Trading Advisor. In addition, certain subsidiaries may also be registered as insurance agencies and may be subject to the regulations described in the following sections.

Asset Management Regulation

U.S. Regulation

In the U.S., certain of our asset management subsidiaries are registered as investment advisers under the Advisers Act and are subject to regulation by the SEC. The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary duties, disclosure obligations and record-keeping, and operational and marketing restrictions. Our registered investment advisers may also be subject to certain obligations of the Investment Company Act based on their status as investment advisers to U.S. registered investment companies that we, or third parties, sponsor. As noted earlier, we continue to see enhanced legislative and regulatory interest regarding financial services in the U.S. through rules, regulatory priorities or general discussion. This trend is especially true globally where regulators remain active, including in Europe. Any future regulation could potentially require new approaches which increase our regulatory burdens and costs.

Many aspects of the regulation that applies to our Advice & Wealth Management segment would also apply to our Asset Management segment. For example, Columbia Management Investment Distributors, Inc. is registered as a broker-dealer for the limited purpose of acting as the principal underwriter and distributor for *Columbia Management* funds. Additionally, ERISA, the SEC's best interest standards, state and other fiduciary or best interest rules, as well as other similar standards and any rulemaking from the DOL would be relevant to our global asset management business. We continue to review and analyze the potential impact of these regulations across each of our business lines.

In connection with rules adopted by the CFTC, certain of our subsidiaries are registered with the CFTC as a commodity trading advisor and commodity pool operator and are also members of the NFA. These rules adopted by the CFTC eliminated or limited previously available exemptions and exclusions from many CFTC requirements, and impose additional registration and reporting requirements for operators of certain registered investment companies and certain other pooled vehicles that use or trade in futures, swaps and other derivatives that are subject to CFTC regulation.

Non-U.S. Regulation

UK Regulation

Outside of the U.S., Columbia Threadneedle Investments is primarily authorized to conduct its financial services business in the UK under the Financial Services and Markets Act 2000. Threadneedle is currently regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA"). FCA and PRA rules impose certain capital, operational and compliance requirements and allow for disciplinary action in the event of noncompliance. As with the U.S. environment, we continue to see enhanced legislative and regulatory interest regarding financial services. Key UK regulatory developments and trends include the following:

- *Brexit.* Although the UK withdrew from the EU on January 31, 2020, it did so pursuant to a transitionary withdrawal agreement with the EU that in substance maintains the pre-withdrawal, status quo until the end of 2020. As a result, the UK financial service sector continues to face uncertainty over the final relationship with the EU, which could impact cross-border marketing of financial products. We continue to monitor developments in place and have an ongoing project to ensure we can continue to service our EU clients.
- *Operational Resilience.* UK regulators have published proposals to improve the "operational resilience" of the UK financial systems and firms and these new rules will be phased in from 2021.
- *UK Asset Management Market Study.* The FCA has issued a comprehensive competition study of the UK asset management industry, focusing on the role of the asset management industry in providing financial services, and the transparency and value it offers, to clients, particularly in active asset management.

Having withdrawn from the EU, the UK and others will need to negotiate the terms of multiple new relationships, which will take some time. The full impact of Brexit and its related consequences remain uncertain, including with respect to ongoing negotiations between the UK and EU and new trade agreements with global trading partners. We continue to actively monitor the dynamic Brexit situation and political activity around Brexit. We are preparing for potential disruptions which may arise following the end of the transitional period in 2021.

We have an established fund range domiciled in Luxembourg (both UCITS and AIF) along with a UCITS Management Company, and Columbia Threadneedle Investments has expanded the regulated permissions of its Luxembourg entity to perform fund management, administration and distribution functions. Therefore, we are well placed to continue to serve investors in Europe. We have replicated, and will continue to replicate, appropriate funds from our UK-based OEIC range within our Luxembourg SICAV platform. We have a well-resourced and experienced product development team with the capacity to ensure the needs of our clients are met in an efficient and transparent manner. As a result of our expansion of regulated permissions in Luxembourg, we expect to have greater engagement with the Commission de Surveillance du Secteur Financier ("CSSF"), as the primary regulator of our Luxembourg business and funds.

Pan-European and Other Non-U.S. Regulation

In addition to the above, certain of our asset management subsidiaries, such as Columbia Threadneedle Investment's UK and other European subsidiaries, are required to comply with both pan-European directives as issued by the European Commission and adopted by EU member states. Certain of these directives impact our global asset management business. For example, Columbia Threadneedle Investments and certain of our other asset management subsidiaries are required to comply with the Markets in Financial Instruments Directive ("MiFID II"), Markets in Financial Instruments Regulation ("MiFIR"), Alternative Investment Fund Managers Directive ("AIFMD"), European Market Infrastructure Regulation ("EMIR") and the Undertakings for Collective Investment in Transferable Securities Directives ("UCITS"). These requirements impact the way we manage assets and place, settle and report on trades for our clients, as well as market to clients and prospects. EMIR provides a framework for the regulation of over the counter and exchange-traded derivative markets. Similar to the developments in the U.S., we continue to see enhanced legislative and regulatory interest regarding financial services through international markets, including in the EU where we have a substantial asset management business. These non-U.S. rules, proposed rules, regulatory priorities or general discussions may impact us directly or indirectly, including as a regulated entity or as a service provider to, or a business receiving services from or engaging in transactions with, regulated entities. In addition to regulations noted in this section, within the EU and the UK we have been and will continue to address regulatory reforms or structural changes including but not limited to: enhanced regulatory focus on sustainable finance and environmental, social and governance (ESG); Senior Manager and Certification Regime; Solvency II; Packaged Retail and Insurance-based Investment Products; Market Abuse Regulation; Transparency Directive II; Fourth and Fifth Money Laundering Directive; EU Benchmarks Regulation; Money Market Fund Regulation; Shareholder Rights Directive; Securitisation Regulation; and Criminal Finance Act.

MiFID II came into effect in January 2018 and is the most significant regulatory change EU investment firms have recently faced. MiFID II strengthened the requirement for investment firms to act in the client's best interest, in many areas including conflicts of interest (specifically, inducements and a prohibition on free research), strengthening of best execution requirements and increased costs and charges disclosure, in relation to all services provided to clients. Firms are also subject to an increase in the scope of transactions which must be reported to both the regulator and the market. In response to MiFID II, Columbia Threadneedle Investments has implemented wide ranging changes to systems, policies and operating procedures across its business, including: (i) increased transparency and reporting to our clients over costs impacting their investments, (ii) publishing detailed information on a near real-time basis for some trades, and reporting all transactions to the regulator the next business day, (iii) strengthening rules on

requirements and reporting of best execution of our trades, and (iv) moving from clients paying for investment research as part of a bundled transaction fee to Columbia Threadneedle Investments paying for the research.

GDPR sought to harmonize data protection legislation and introduced changes in areas such as: (i) governance and oversight, (ii) processing of personal data, (iii) enhancements around consent and data subject rights, and (iv) international data transfers. GDPR is a step change in the way personal data is regulated in Europe and outside of Europe to the extent that goods or services are being marketed to EU citizens and their personal information is collected and processed in the course of that interaction. GDPR became effective in May 2018, and our GDPR program is operational. We are mindful of other upcoming regulatory change (including those arising from Brexit) and the data privacy impact that it will have on our current business model post-Brexit.

Under the guidance of ESMA (a European supervisor), many national regulators such as the FCA and the CSSF are using data analytics to measure how "active" funds are performing versus benchmarks. Where a regulator finds that a fund, although charging active fees, has a high benchmark correlation, the regulators are asking asset managers to provide evidence of asset management.

In Singapore, our asset management subsidiary Threadneedle Investments Singapore (Pte.) Ltd. ("Threadneedle Singapore") is regulated by the Monetary Authority of Singapore ("MAS") under the Securities and Futures Act. Threadneedle Singapore holds a capital markets services license with MAS, and employees of Threadneedle Singapore engaging in regulated activities are required to be licensed. MAS rules impose certain capital, operational and compliance (including Senior Manager) requirements and allow for disciplinary action in the event of noncompliance.

Threadneedle companies and activities are also subject to other local country regulations and regulators in Europe, Dubai, Hong Kong, the U.S., South Korea, South America and Australia. Additionally, many of our subsidiaries, including Columbia Management, are also subject to foreign, state and local laws with respect to advisory services that are offered and provided by these subsidiaries, including services provided to government pension plans.

Other Securities Regulation

Ameriprise Certificate Company is regulated as an investment company under the Investment Company Act. As a registered investment company, Ameriprise Certificate Company must observe certain governance, disclosure, record-keeping, operational and marketing requirements. Ameriprise Certificate Company pays dividends to the parent company and is subject to capital requirements under applicable law and understandings with the SEC and the Minnesota Department of Commerce (Banking Division).

ATC is primarily regulated by the Minnesota Department of Commerce (Banking Division) and is subject to capital adequacy requirements under Minnesota law. It is prohibited from accepting deposits or making personal or commercial loans. As a provider of products and services to tax-qualified retirement plans and IRAs, certain aspects of our business, including the activities of our trust company, fall within the compliance oversight of the DOL and the Department of Treasury, particularly regarding the enforcement of ERISA, and the tax reporting requirements applicable to such accounts. ATC, as well as our investment adviser subsidiaries, may be subject to ERISA, and the regulations thereunder, insofar as they act as a "fiduciary" under ERISA with respect to certain ERISA clients.

Protection and Annuities Regulation

Our insurance subsidiaries are subject to supervision and regulation by states and other territories where they are domiciled or otherwise licensed to do business. The primary purpose of this regulation and supervision is to protect the interests of contractholders and policyholders. In general, state insurance laws and regulations govern standards of solvency, capital requirements, the licensing of insurers and their agents, premium rates, policy forms, the nature of and limitations on investments, periodic reporting requirements and other matters. In addition, state regulators conduct periodic examinations into insurer market conduct and compliance with insurance and securities laws. The Minnesota Department of Commerce, and the New York State Department of Financial Services (the "Domiciliary Regulators") regulate certain of the RiverSource Life companies. In addition to being regulated by their Domiciliary Regulators, our RiverSource Life companies are regulated by each of the insurance regulators in the states where each is authorized to transact business. Financial regulation of our RiverSource Life companies is extensive, and their financial transactions (such as intercompany dividends and investment activity) may be subject to pre-approval and/or continuing evaluation by the Domiciliary Regulators.

Aspects of the regulation applicable to our Advice & Wealth Management segment also apply to our Annuities and Protection segments. For example, RiverSource Distributors is registered as a broker-dealer for the limited purpose of acting as the principal underwriter and/or distributor for our *RiverSource* annuities and insurance products sold through AFS and third-party channels. Additionally, ERISA, the SEC's best interest standards, state and other fiduciary or best interest rules, as well as other similar standards and any rulemaking from the DOL are relevant to our insurance business. We continue to review and analyze the potential impact of these regulations across each of our business lines.

All states require participation in insurance guaranty associations, which assess fees to insurance companies in order to fund claims of policyholders and contractholders of insolvent insurance companies subject to statutory limits. These assessments are generally based on a member insurer's proportionate share of all premiums written by member insurers in the state during a specified period prior to an insurer's insolvency. See Note 26 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information regarding guaranty association assessments.

Certain variable annuity and variable life insurance policies offered by the RiverSource Life companies constitute and are registered as securities under the Securities Act of 1933, as amended. As such, these products are subject to regulation by the SEC and FINRA. Securities regulators have recently increased their focus on the adequacy of disclosure regarding complex investment products, including variable annuities and life insurance products, and announced that they will continue to review actions by life insurers to improve profitability and reduce risks under in force annuity and insurance products with guaranteed benefits.

The 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") created the Federal Insurance Office ("FIO") within the Department of Treasury. The FIO does not have substantive regulatory responsibilities, though it is tasked with monitoring the insurance industry and the effectiveness of its regulatory framework in addition to providing periodic reports to the President and Congress. We monitor the FIO's activity to identify and assess emerging regulatory priorities with potential application to our business.

Each of our insurance subsidiaries is subject to risk-based capital ("RBC") requirements designed to assess the adequacy of an insurance company's total adjusted capital in relation to its investment, insurance and other risks. The National Association of Insurance Commissioners ("NAIC") has established RBC standards that all state insurance departments have adopted. The RBC requirements are used by the NAIC and state insurance regulators to identify companies that merit regulatory actions designed to protect policyholders. The NAIC RBC report is completed as of December 31 and filed annually, along with the statutory financial statements.

Our RiverSource Life companies are subject to various levels of regulatory intervention if their total adjusted statutory capital falls below defined RBC action levels. At the "company action level," defined as total adjusted capital level between 100% and 75% of the RBC requirement, an insurer must submit a plan for corrective action with its primary state regulator. The level of regulatory intervention is greater at lower levels of total adjusted capital relative to the RBC requirement. RiverSource Life and RiverSource Life of NY maintain capital levels well in excess of the company action level required by state insurance regulators as noted below as of December 31, 2019:

Entity	Company Action Level RBC	Total Adjusted Capital	% of Company Action Level RBC
	(in millions, except percentages)		
RiverSource Life	$ 601	$ 2,924	487%
RiverSource Life of NY	38	235	618%

Ameriprise Financial, as a direct and indirect owner of its insurance subsidiaries, is subject to the insurance holding company laws of the states where its insurance subsidiaries are domiciled. These laws generally require insurance holding companies to register with the insurance department of the insurance company's state of domicile and to provide certain financial and other information about the operations of the companies within the holding company structure.

As part of its Solvency Modernization Initiative, in 2010 the NAIC adopted revisions to its Insurance Holding Company System Regulatory Act ("Holding Company Act") to enhance insurer group supervision and create a new Risk Management and Own Risk and Solvency Assessment ("ORSA") Model Act. The Holding Company Act revisions focus on the overall insurance holding company system, establish a framework of regulator supervisory colleges, enhancements to corporate governance, and require the annual filing of an Enterprise Risk Management Report. The ORSA Model Act requires that an insurer create and file, annually, its Own Risk Solvency Assessment, which is a complete self-assessment of its risk management functions and capital adequacy. These laws were enacted by the domiciliary states of RiverSource Life: Minnesota and New York. We completed and filed these reports as required by the laws and regulations of those states.

Federal Banking and Financial Holding Company Regulation

Following conversion to a federal savings bank, Ameriprise Bank continues to be subject to regulation by the Office of the Comptroller of the Currency ("OCC"), which is the primary regulator of federal savings banks, and by the FDIC in its role as insurer of Ameriprise Bank's deposits. As a federally chartered savings bank, Ameriprise Bank is subject to numerous rules and regulations governing all aspects of the banking business, including lending practices and transactions with affiliates. Ameriprise Bank is also subject to specific capital rules and limits on capital distributions, including payment of dividends. If Ameriprise Bank's capital falls below certain levels, the OCC would be required to take remedial actions and could take other actions, including imposing further limits on dividends or business activities. In addition, an array of Community Reinvestment Act ("CRA"), fair lending and other consumer protection laws and regulations apply to Ameriprise Bank. Either of the OCC or the FDIC may bring administrative enforcement actions against Ameriprise Bank or its officers, directors or employees if any of them are found to be in violation of the law or engaged in an unsafe or unsound practice.

As the controlling company of Ameriprise Bank, Ameriprise Financial is a savings and loan holding company that is subject to regulation, supervision, and examination by the FRB. In connection with the conversion, Ameriprise Financial elected to be classified as a financial holding company subject to applicable regulation under the Bank Holding Company Act of 1956, as amended. Further, FRB regulation and supervisory oversight of Ameriprise Financial includes examinations, regular financial reporting, and prudential standards, such as capital, liquidity risk management, and parameters for business conduct and internal governance.

Under the Bank Holding Company Act, bank holding companies and their banking subsidiaries are generally limited to the business of banking and activities closely related or incidental to banking. As a financial holding company, we do not need approval: (1) to engage in other activities that the FRB, working with the Secretary of the Treasury, determined or in the future determines to be financial in nature, incidental to an activity that is financial in nature, or complementary to a financial activity and that do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally, or (2) to acquire shares of companies engaged in such activities. Activities that are financial in nature include, but are not limited to, providing financial or investment advice; securities underwriting and dealing; insurance underwriting; and making merchant banking investments in commercial and financial companies, subject to significant limitation. We may not, however, directly or indirectly acquire the ownership or control of more than 5% of any class of voting shares, or substantially all of the assets, of a bank holding company or a bank without the prior approval of the FRB.

In order to maintain Ameriprise's status as a financial holding company, Ameriprise Bank, as Ameriprise's sole insured depository institution subsidiary, must remain "well-capitalized" and "well-managed" under applicable regulations, and must receive at least a "satisfactory" rating in its most recent examination under the CRA. In addition, Ameriprise, as a financial holding company, must remain "well-capitalized" and "well-managed" in order to maintain its status as a financial holding company. Failure to meet one or more of these requirements would mean, depending on the requirements not met and any agreement then reached with the FRB, that until cured, Ameriprise Financial could not undertake new activities, continue certain activities or make acquisitions other than those generally permissible for bank holding companies.

After a conformance period, we will be subject to what is commonly referred to as the Volcker Rule (which is the subject of currently pending proposals that would further modify the rule). The Volcker Rule, as modified in 2019, prohibits "banking entities," including us and our affiliates, from engaging in certain "proprietary trading" activities, as defined in the Volcker Rule, subject to exemptions for underwriting, market-making-related activities, risk-mitigating hedging and certain other activities. The Volcker Rule also prohibits certain investments and relationships by banking entities with "covered funds," with a number of exemptions and exclusions. It also requires banking entities to have comprehensive compliance programs reasonably designed to ensure and monitor compliance with the Volcker Rule.

The FRB proposed a new capital framework termed the "Building Block Approach" in September 2019 for savings and loan holding companies like Ameriprise that are significantly engaged in insurance activities ("ISLHCs"). In general, under the proposed rule ISLHCs would be required to aggregate state-based insurance capital requirements with banking capital requirements for non-insurance businesses to satisfy specific minimum total requirements and hold an additional capital conservation buffer. The proposed rule was followed by a public comment period that ended in January 2020. We were engaged with the FRB and through industry groups to assess and provide comments regarding potential refinements and improvements to the proposed rule.

Additional Parent Company Regulation and Other Regulation

Ameriprise Financial is a publicly traded company that is subject to SEC and New York Stock Exchange ("NYSE") rules and regulations regarding public disclosure, financial reporting, internal controls and corporate governance. The adoption of the Sarbanes-Oxley Act of 2002 and the implementation of the Dodd-Frank Act significantly enhanced those rules and regulations.

We have operations in a number of geographical regions outside of the U.S. As such, we continuously monitor developments in EU legislation, as well as in the other markets in which we operate, to ensure that we comply with all applicable legal requirements, including EU directives applicable to financial institutions as implemented in the various member states. Because of the mix of business activities we conduct, we assess the impact of, and monitor our status under, the EU Financial Conglomerates Directive, which contemplates global supervision and prudential regulation of certain financial conglomerates involved in banking, insurance and investment activities.

The FCA, which regulates the London Interbank Offered Rate ("LIBOR"), has announced that it will not compel panel banks to contribute to LIBOR after 2021. It is likely that banks will not continue to provide submissions for the calculation of LIBOR after 2021 and possibly prior to then. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the next two years. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. An enterprise-wide project has been formed and the Company's significant analysis and readiness work will go through 2020.

Privacy, Environmental and Anti-Money Laundering Laws

Many aspects of our business are subject to comprehensive legal requirements concerning the use and protection of personal information, including client and employee information, from a multitude of different functional regulators and law enforcement bodies. This includes rules adopted pursuant to the Gramm-Leach-Bliley Act, the Fair and Accurate Credit Transactions Act, the Health Insurance Portability and Accountability Act ("HIPAA"), the Health Information Technology for Economic and Clinical Health ("HITECH") Act, an ever increasing number of state laws and regulations such as the New York State Department of Financial Services' *Cybersecurity Requirements for Financial Services Companies,* the California Consumer Privacy Act, EU data protection legislation as implemented in the respective EU member states, and data protection rules in other regions in which we operate outside the U.S. and the EU (including GDPR). We have also implemented policies and procedures, including a cybersecurity incident response manual, in response to such requirements. We continue our efforts to safeguard the data entrusted to us in accordance with applicable laws and our internal data protection policies, including taking steps to reduce the potential for identity theft or other

improper use or disclosure of personal information, while seeking to collect only the data that is necessary to properly achieve our business objectives and best serve our clients.

As the owner and operator of real property, we are subject to federal, state and local environmental laws and regulations. We periodically conduct environmental reviews on our own real estate as well as investment real estate to assess and ensure our compliance with these laws and regulations.

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, commonly referred to as the USA Patriot Act, was enacted in October 2001. It substantially broadened existing anti-money laundering legislation and the extraterritorial jurisdiction of the U.S. In response, we enhanced our existing anti-money laundering programs and developed new procedures and programs, including enhancing our "know your customer" and "due diligence" programs. In addition, we will continue to comply with anti-money laundering legislation in the UK derived from applicable EU directives and international initiatives adopted in other jurisdictions in which we conduct business.

Securities Exchange Act Reports and Additional Information

We maintain an Investor Relations website at ir.ameriprise.com. Investors can also access the website through our main website at ameriprise.com by clicking on the "Investor Relations" link located at the bottom of our homepage (ameriprise.com). We use our Investor Relations website to announce financial and other information to investors and to make available SEC filings, press releases, public conference calls and webcasts. Investors and others interested in the company are encouraged to visit the Investor Relations website from time to time, as information is continuously updated and posted. Additionally, users can sign up to receive automatic notifications when new materials are posted. The information found on the website is not incorporated by reference into this report or in any other report or document the Company furnishes or files with the SEC.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could have a material adverse effect on our business, financial condition or results of operations and could cause the trading price of our common stock to decline. We believe that the following information identifies the material factors affecting our company based on the information we currently know. However, the risks and uncertainties our company faces are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

Risks Relating to Our Business and Operations

Our financial condition and results of operations may be adversely affected by market fluctuations and by economic, political and other factors.

Our financial condition and results of operations may be materially affected by market fluctuations and by economic and other factors. Such factors, which can be global, regional, national or local in nature, include: (i) political, social, economic and market conditions; (ii) the availability and cost of capital; (iii) the level and volatility of equity prices, commodity prices and interest rates, currency values and other market indices; (iv) technological changes and events; (v) U.S. and foreign government fiscal and tax policies; (vi) U.S. and foreign government ability, real or perceived, to avoid defaulting on government securities; (vii) the availability and cost of credit; (viii) inflation; (ix) investor sentiment and confidence in the financial markets; (x) terrorism and armed conflicts; and (xi) natural disasters such as weather catastrophes and widespread health emergencies. Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, decreases in property values, and the level of consumer confidence and consumer debt, may substantially affect consumer loan levels and credit quality, which, in turn, could impact client activity in all of our businesses. These factors also may have an impact on our ability to achieve our strategic objectives.

Declines and volatility in U.S. and global market conditions have impacted our businesses in the past and may do so again. Our businesses have been, and in the future may be, adversely affected by U.S. and global capital market and credit crises, the repricing of credit risk, equity market volatility and decline and stress or recession in the U.S. and global economies generally. Each of our segments operates in these markets with exposure for us and our clients in securities, loans, derivatives, alternative investments, seed capital and other commitments. It is difficult to predict when, how long and to what extent the aforementioned adverse conditions may exist, which of our markets, products and businesses will be directly affected in terms of revenues, management fees and investment valuations and earnings, and to what extent our clients may seek to bring claims arising out of investment performance that is affected by these conditions. As a result, these factors could materially adversely impact our financial condition and results of operations.

Our revenues are largely dependent upon the level and mix of assets we have under management and administration, which are subject to fluctuations based on market conditions and client activity. Downturns and volatility in equity markets can have, and have had, an adverse effect on the revenues and returns from our asset management services, retail advisory accounts, variable annuity contracts and banking products. Because the profitability of these products and services depends on fees related primarily to the value of assets under management, declines in the equity markets will reduce our revenues because the value of the investment assets we manage will be reduced. In addition, market downturns and volatility (as well as general regulatory or economic uncertainty, such as Brexit) may cause, and have caused, potential new purchasers of our products to limit purchases of or to refrain from purchasing products such as mutual funds, OEICs, SICAVs, variable annuities and variable universal life insurance. Downturns and uncertainty may also cause

current shareholders in our mutual funds, OEICs, SICAVs, unit trusts and investment trusts, contractholders in our annuity products and policyholders in our protection products to withdraw cash values from those products.

Most of our variable annuity products contain guaranteed minimum death benefits and guaranteed minimum withdrawal and accumulation benefits. A significant equity market decline or volatility in equity markets could result in guaranteed minimum benefits being higher than what current account values would support, which would adversely affect our financial condition and results of operations. Although we have hedged a portion of the guarantees for the variable annuity contracts to mitigate the financial loss of equity market declines or volatility, there can be no assurance that such a decline or volatility would not materially impact the profitability of certain products or product lines or our financial condition or results of operations. Further, the cost of hedging our liability for these guarantees has increased as a result of low interest rates and volatility in the equity markets and broad-based market and regulatory-driven changes in the collateral requirements of hedge trading counterparties. In addition, heightened volatility (and the transition away from LIBOR as a widely-accepted interest rate reference) creates greater uncertainty for future hedging effectiveness.

We believe that investment performance is an important factor in the success of many of our businesses. Poor investment performance could impair our revenues and earnings, as well as our prospects for growth. Poor investment performance could also result in additional benefits paid under certain annuity products (such variable annuity living benefits and death benefits). A significant portion of our revenue is derived from investment management agreements with the *Columbia Management* family of mutual funds which are terminable on 60 days' notice. In addition, although some contracts governing investment management services are subject to termination for failure to meet performance benchmarks, institutional and individual clients can terminate their relationships with us or our financial advisors at will or on relatively short notice. Our clients can also reduce the aggregate amount of managed assets or shift their funds to other types of accounts with different rate structures, for any number of reasons, including investment performance, changes in prevailing interest rates, changes in investment preferences or investment management strategy (for example, "active" or "passive" investing styles), changes in our (or our advisors') reputation in the marketplace, changes in client management or ownership, loss of key investment management personnel and financial market performance. A reduction in managed assets, and the associated decrease in revenues and earnings, could have a material adverse effect on our business. Moreover, if our money market funds experience a decline in market value, we may choose to contribute capital to those funds without consideration, which would result in a loss.

During periods of unfavorable or stagnating market or economic conditions, the level of individual investor participation in the global markets may also decrease, which would negatively impact the results of our retail businesses. Concerns about current market and economic conditions, declining real estate values and decreased consumer confidence have caused, and in the future may cause, some of our clients to reduce the amount of business they do with us. Fluctuations in global market activity could impact the flow of investment capital into or from assets under management and the way customers allocate capital among money market, equity, fixed maturity or other investment alternatives, which could negatively impact our Asset Management, Advice & Wealth Management and Annuities businesses. If we are unable to offer appropriate product alternatives which encourage customers to continue purchasing in the face of actual or perceived market volatility, our sales and management fee revenues could decline. Uncertain economic conditions and heightened market volatility may also increase the likelihood that clients or regulators present or threaten legal claims, that regulators may increase the frequency and scope of their examinations of us or the financial services industry generally, and that lawmakers may enact new requirements or taxation which can have a material impact on our revenues, expenses or statutory capital requirements.

Changes in interest rates and prolonged periods of low interest rates may adversely affect our financial condition and results of operations.

Certain of our insurance, annuity, investment products and banking products are sensitive to interest rate fluctuations, and future impacts associated with such variations may differ from our historical costs. In addition, interest rate fluctuations could result in fluctuations in the valuation of certain minimum guaranteed benefits contained in some of our variable annuity products. Although we typically hedge to mitigate some of the effect of such fluctuations, significant changes in interest rates could have a material adverse impact on our results of operations.

During periods of increasing market interest rates, we may offer higher crediting rates on interest-sensitive products, such as universal life insurance, fixed annuities and face-amount certificates, and we may increase crediting rates on in force products to keep these products competitive. Because yields on invested assets may not increase as quickly as current interest rates, we may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, increases in market interest rates may cause increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, as policyholders and contractholders seek to shift assets to products with perceived higher returns. This process may lead to an earlier than expected outflow of cash from our business. These withdrawals and surrenders may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. Also, increases in market interest rates may result in extension of certain cash flows from structured mortgage assets. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition and results of operations. An increase in policy surrenders and withdrawals also may require us to accelerate amortization of deferred acquisition costs ("DAC") or other intangibles or cause an impairment of goodwill, which would increase our expenses and reduce our net earnings.

During periods of falling interest rates or stagnancy of low interest rates, our spread may be reduced or could become negative, primarily because some of our products have guaranteed minimum crediting rates. Due to the long-term nature of the liabilities associated with certain of our businesses, such as long term care and universal life with secondary guarantees as well as fixed annuities and guaranteed benefits on variable annuities, sustained declines in or stagnancy of low long-term interest rates may subject us to reinvestment risks and increased hedging costs. In addition, reduced or negative spreads may require us to accelerate amortization of DAC, which would increase our expenses and reduce our net earnings.

Interest rate fluctuations also could have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates or stagnancy of low interest rates, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of certain callable fixed income securities also may decide to prepay their obligations in order to borrow at lower market rates, which increases the risk that we may have to reinvest the cash proceeds of these securities in lower-yielding or lower-credit instruments.

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and our cost of capital.

The capital and credit markets may experience, and have experienced, varying degrees of volatility and disruption. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers. We need liquidity to pay our operating expenses, interest expenses and dividends on our capital stock. Without sufficient liquidity, we could be required to curtail our operations and our business would suffer.

Our liquidity needs are satisfied primarily through our reserves and the cash generated by our operations. We believe the level of cash and securities we maintain, combined with expected cash inflows from investments and operations, is adequate to meet anticipated short-term and long-term payment obligations. In the event current resources are insufficient to satisfy our needs, we may access financing sources such as bank debt. The availability of additional financing would depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that our shareholders, customers or lenders could develop a negative perception of our long- or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be rendered more costly or impaired if regulatory authorities or rating organizations take actions against us.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business. Such market conditions may limit our ability to satisfy statutory capital requirements, generate fee income and market-related revenue to meet liquidity needs and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue different types of capital than we would otherwise, less effectively deploy such capital, or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility.

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

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.

A downgrade in our credit ratings could also adversely impact our future cost and speed of borrowing and have an adverse effect on our financial condition, results of operations and liquidity.

In view of the difficulties experienced in recent years by many financial institutions, including our competitors in the insurance industry, the rating organizations have heightened the level of scrutiny that they apply to such institutions and have requested additional information from the companies that they rate. They may increase the frequency and scope of their credit reviews, adjust upward the capital and other requirements employed in the rating organizations' models for maintenance of ratings levels, or downgrade ratings applied to particular classes of securities or types of institutions.

Rating organizations may also become subject to tighter laws, regulations or scrutiny governing ratings, which may in turn impact ratings assigned to financial institutions.

We cannot predict what actions rating organizations may take, or what actions we may take in response to the actions of rating organizations, which could adversely affect our business. As with other companies in the financial services industry, our ratings could be changed at any time and without any notice by the rating organizations.

Intense competition and the economics of changes in our product revenue mix and distribution channels could negatively impact our ability to maintain or increase our market share and profitability.

Our businesses operate in intensely competitive industry segments. We compete based on a number of factors, including name recognition, service, the quality of investment advice, investment performance, product offerings and features, price, perceived financial strength, claims-paying ability and credit ratings. Our competitors include broker-dealers, banks, asset managers, insurers and other financial institutions. Certain of our competitors offer web-based or mobile-based financial services or discount brokerage services to individual clients. Many of our businesses face competitors that have greater market share, offer a broader range of products, have greater financial resources, or have higher claims-paying ability or credit ratings than we do. Some of our competitors may possess or acquire intellectual property rights that could provide a competitive advantage to them in certain markets or for certain products, which could make it difficult for us to introduce new products and services. Some of our competitors' proprietary products or technology could be similar to our own, and this could result in disputes that could impact our financial condition or results of operations. In addition, over time certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms, or distribution firms (including our own) are seeking to limit the breadth of product offerings in order to simplify their regulatory and risk management. This convergence could result in our competitors gaining greater resources, and we may experience downward pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices. Furthermore, the uncertain regulatory environment in the U.S. and around the world will cause various structural changes to the industry and other competitors may be better positioned to reap the benefits of that structural change and movement of assets around the industry depending on final regulations and trends among distributors and clients.

The offerings available to our advisor network include not only products issued by our RiverSource Life and Columbia Threadneedle Investments companies, but also products issued by unaffiliated insurance companies and asset managers. As a result of this and further openings of our advisor network to the products of other companies, we could experience lower sales of our companies' products, higher surrenders or redemptions, or other developments which might not be fully offset by higher distribution revenues or other benefits, possibly resulting in an adverse effect on our results of operations. In addition, some of our products, are made available through alliances with unaffiliated third parties. We could experience lower sales or incur higher distribution costs or other developments which could have an adverse effect on our results of operations if alliance relationships are discontinued or if the terms of our alliances change.

We face intense competition in attracting and retaining key talent.

Our continued success depends to a substantial degree on our ability to attract and retain qualified people. We are dependent on our network of advisors to drive growth and results in our wealth management business and also for a significant portion of the sales of our mutual funds, annuities, face-amount certificates, banking and insurance products. In addition, the investment performance of our asset management products and services and the retention of our products and services by our clients are dependent upon the strategies and decisioning of our portfolio managers and analysts. The market for these financial advisors and portfolio managers is extremely competitive, as are the markets for qualified and skilled executives and marketing, finance, legal, compliance and other professionals. From time to time there are regulatory-driven or other trends and developments within the industry, such as changes around the Protocol for Broker Recruiting, that could potentially impact the current competitive dynamics between us and our competitors. If we are unable to attract and retain qualified individuals or our recruiting and retention costs increase significantly, our financial condition and results of operations could be materially adversely impacted.

The impairment or negative performance of other financial institutions could adversely affect us.

We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including broker-dealers, commercial banks, investment banks, hedge funds, insurers, reinsurers, investment funds and other institutions. The operations of U.S. and global financial services institutions are interconnected and a decline in the financial condition of one or more financial services institutions may expose us to credit losses or defaults, limit our access to liquidity or otherwise disrupt the operations of our businesses. While we regularly assess our exposure to different industries and counterparties, the performance and financial strength of specific institutions are subject to rapid change, the timing and extent of which cannot be known.

Many transactions with and investments in the products and securities of other financial institutions expose us to credit risk in the event of default of our counterparty. With respect to secured transactions, our credit risk may be exacerbated when the collateral we hold cannot be realized upon or is liquidated at prices insufficient to recover the full amount of the loan or derivative exposure due to it. We also have exposure to financial institutions in the form of unsecured debt instruments, derivative transactions (including with respect to derivatives hedging our exposure on variable annuity contracts with guaranteed benefits), reinsurance, repurchase and underwriting arrangements and equity investments. There can be no assurance that any such losses or impairments to the carrying value of these assets would not materially and adversely impact our business and results of operations.

Downgrades in the credit or financial strength ratings assigned to the counterparties with whom we transact or other adverse reputational impacts to such counterparties could create the perception that our financial condition will be adversely impacted as a result of potential future defaults by such counterparties. Additionally, we could be adversely affected by a general, negative perception of financial institutions caused by the downgrade or other adverse impact to the reputation of other financial institutions.

Accordingly, ratings downgrades or other adverse reputational impacts for other financial institutions could affect our market capitalization and could limit access to or increase our cost of capital.

A number of the products and services we make available to our clients are those offered by third parties, for which we may generate revenue based on the level of assets under management, the number of client transactions or otherwise. The poor performance of such products and services, or negative perceptions of the firms offering such products and services, may adversely impact our sales of such products and services and reduce our revenue. In addition, such failures or poor performance of products and services offered by other financial institutions could adversely impact consumer confidence in products and services that we offer. Negative perceptions of certain financial products and services, or the financial industry in general, may increase the number of withdrawals and redemptions or reduce purchases made by our clients, which would adversely impact the levels of our assets under management, revenues and liquidity position.

A drop in our investment performance as compared to that of our competitors could negatively impact our revenues and profitability.

Investment performance is a key competitive factor for our retail and institutional asset management products and services. Strong investment performance helps to ensure the retention of our products and services by our clients and creates new sales of products and services. It may also result in higher ratings by ratings services such as Morningstar or Lipper, which may compound the foregoing effects. Strong investment performance and its effects are important elements to our stated goals of growing assets under management and achieving economies of scale.

There can be no assurance as to how future investment performance will compare to our competitors or that historical performance will be indicative of future returns. Any drop or perceived drop in investment performance as compared to our competitors could cause a decline in sales of our mutual funds and other investment products, an increase in redemptions and the termination of institutional asset management relationships. These impacts may reduce our aggregate amount of assets under management and reduce management fees. Poor investment performance could also adversely affect our ability to expand the distribution of our products through unaffiliated third parties. Further, any drop in market share of mutual funds sales by our advisors may further reduce profits as sales of other companies' mutual funds are less profitable than sales of our proprietary funds.

We may not be able to maintain our unaffiliated third-party distribution channels or the terms by which unaffiliated third parties sell our products.

We distribute certain of our investment products through unaffiliated third-party advisors and financial institutions. Maintaining and deepening relationships with these unaffiliated distributors is an important part of our growth strategy, as strong third-party distribution arrangements enhance our ability to market our products and to increase our assets under management, revenues and profitability. There can be no assurance that the distribution relationships we have established will continue, as our distribution partners may cease to operate or otherwise terminate their relationship with us. Any such reduction in access to third-party distributors may have a material adverse effect on our ability to market our products and to generate revenue in our Asset Management and Annuities segments.

Access to distribution channels is subject to intense competition due to the large number of competitors and products in the investment advisory and annuities industries as well as regulatory and consumer trends driving escalating compliance, disclosure and risk management requirements for distributors. Relationships with distributors are subject to periodic negotiation that may result in increased distribution costs and/or reductions in the amount of our products marketed, and the frequency or complexity of these negotiations is expected to increase in light of prevailing regulatory reforms and market volatility. Any increase in the costs to distribute our products or reduction in the type or amount of products made available for sale may have a material effect on our revenues and profitability.

We face risks arising from acquisitions and divestitures.

We have made acquisitions and divestitures in the past and may pursue similar strategic transactions in the future. Risks in acquisition transactions include difficulties in the integration of acquired businesses into our operations and control environment (including our risk management policies and procedures), difficulties in assimilating and retaining employees and intermediaries, difficulties in retaining the existing customers of the acquired entities, assumed or unforeseen liabilities that arise in connection with the acquired businesses, the failure of counterparties to satisfy any obligations to indemnify us against liabilities arising from the acquired businesses, and unfavorable market conditions that could negatively impact our growth expectations for the acquired businesses. Fully integrating an acquired company or business into our operations (such as our recent acquisitions of Lionstone Investments and IPI) may take a significant amount of time. Risks in divestiture transactions (such as our recent divestiture of our auto and home insurance business to American Family Insurance) include difficulties in the separation of the disposed business, retention or obligation to indemnify certain liabilities, the failure of counterparties to satisfy payment obligations, unfavorable market conditions that may impact any earnout or contingency payment due to us, if any, and unexpected difficulties in losing employees of the disposed business. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered with acquisitions, divestitures and other strategic transactions. Execution of our business strategies also may require certain regulatory approvals or consents, which may include approvals of the FRB and other domestic and non-U.S. regulatory authorities. These regulatory authorities may impose conditions on the activities or transactions contemplated by our business strategies which may impact negatively our ability to realize fully the expected benefits of certain opportunities. These risks may prevent us from realizing the

expected benefits from acquisitions or divestitures and could result in the failure to realize the full economic value of a strategic transaction or the impairment of goodwill and/or intangible assets recognized at the time of an acquisition. These risks could be heightened if we complete a large acquisition or multiple acquisitions within a short period of time.

Third-party defaults, bankruptcy filings, legal actions and other events may limit the value of or restrict our access and our clients' access to cash and investments.

Capital and credit market volatility can exacerbate, and has exacerbated, the risk of third-party defaults, bankruptcy filings, foreclosures, legal actions and other events that may limit the value of or restrict our access and our clients' access to cash and investments. Although we are not required to do so, we have elected in the past, and we may elect in the future, to compensate clients for losses incurred in response to such events, provide clients with temporary credit or liquidity or other support related to products that we manage, or provide credit liquidity or other support to the financial products we manage. Any such election to provide support may arise from factors specific to our clients, our products or industry-wide factors. If we elect to provide additional support, we could incur losses from the support we provide and incur additional costs, including financing costs, in connection with the support. These losses and additional costs could be material and could adversely impact our results of operations. If we were to take such actions we may also restrict or otherwise utilize our corporate assets, limiting our flexibility to use these assets for other purposes, and may be required to raise additional capital.

Defaults in our fixed maturity securities portfolio or consumer credit holdings could adversely affect our earnings.

Issuers of the fixed maturity securities that we own may default on principal and interest payments. As of December 31, 2019, 3.1% of our fixed maturity securities had ratings below investment-grade. Moreover, economic downturns and corporate malfeasance can increase the number of companies, including those with investment-grade ratings, which default on their debt obligations. Default-related declines in the value of our fixed maturity securities portfolio or consumer credit holdings could cause our net earnings to decline and could also cause us to contribute capital to some of our regulated subsidiaries, which may require us to obtain funding during periods of unfavorable market conditions.

Our valuation of fixed maturity and equity securities may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely impact our results of operations or financial condition.

Fixed maturity, equity, trading securities and short-term investments, which are reported at fair value on the Consolidated Balance Sheets, represent the majority of our total cash and invested assets. The determination of fair values by management in the absence of quoted market prices is based on valuation methodologies, securities we deem to be comparable, and assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. Factors considered in estimating fair value include: coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer, interest rates, credit spreads, and quoted market prices of comparable securities. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts.

During periods of market disruption, including periods of significantly rising or high interest rates and rapidly widening credit spreads or illiquidity, it may be difficult to value certain of our securities. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the financial environment. In such cases, the valuation of certain securities may require additional subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable and may require greater estimation as well as valuation methods that are more sophisticated, which may result in values less than the value at which the investments may be ultimately sold. Further, rapidly changing and unexpected credit and equity market conditions could materially impact the valuation of securities as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

The elimination of LIBOR may adversely affect the interest rates on and value of certain derivatives and floating rate securities we hold, the activities we conduct, and any other assets or liabilities whose value is tied to LIBOR.

The FCA, which regulates the LIBOR, has announced that it will not compel panel banks to contribute to LIBOR after 2021. It is likely that banks will not continue to provide submissions for the calculation of LIBOR after 2021 and possibly prior to then. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the next two years. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. The U.S. Federal Reserve, based on the recommendations of the New York Federal Reserve's Alternative Reference Rate Committee (constituted of major derivative market participants and their regulators), has begun publishing a Secured Overnight Funding Rate ("SOFR") which is intended to replace U.S. dollar LIBOR, and SOFR-based investment products have been issued in the U.S. Proposals for alternative reference rates for other currencies have also been announced or have already begun publication. Markets are slowly developing in response to these new rates and questions around liquidity in these rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern for us and others in the marketplace. Although the full impact of transition remains unclear, this change may have an adverse impact on the value of, return on and trading markets for a broad array of financial products, including any LIBOR-based securities, loans and derivatives that are included in our financial assets

and liabilities. If LIBOR is discontinued after 2021 as expected, there will be uncertainty or differences in the calculation of the applicable interest rate or payment amount depending on the terms of the governing instruments. There will be significant work required to transition to the new benchmark rates and implement necessary changes to our systems, processes and models. This may impact our existing transaction data, products, systems, operations, valuation and financial risk management processes. In addition, LIBOR may perform differently during the phase-out period than in the past which could result in lower interest payments and a reduction in the value of certain assets. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on various derivatives, floating rate securities and other securities we hold, the activities we conduct in our various businesses, and any other assets or liabilities (as well as contractual rights and obligations) whose value is tied to LIBOR. The value or profitability of these products and instruments, and our costs of operations, may be adversely affected until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially accepted.

The determination of the amount of allowances and impairments taken on certain investments is subject to management's evaluation and judgment and could materially impact our results of operations or financial position.

The determination of the amount of allowances and impairments vary by investment type and is based upon our periodic evaluation and assessment of inherent and known risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. Historical trends may not be indicative of future impairments or allowances.

The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value that considers a wide range of factors about the security issuer or borrower, and management uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security or loan and in assessing the prospects for recovery. Inherent in management's evaluation of the security or loan are assumptions and estimates about the operations of the issuer and its future earnings potential.

Some of our investments are relatively illiquid.

We invest a portion of our owned assets in certain privately placed fixed income securities, mortgage loans, policy loans and limited partnership interests, all of which are relatively illiquid. These asset classes represented 12.9% of the carrying value of our investment portfolio as of December 31, 2019. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner or be forced to sell them for an amount less than we would otherwise have been able to realize, or both, which could have an adverse effect on our financial condition and results of operations.

The failure of other insurers could require us to pay higher assessments to state insurance guaranty funds.

Our insurance companies are required by law to be members of the guaranty fund association in every state where they are licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, our insurance companies could be adversely affected by the requirement to pay assessments to the guaranty fund associations. Uncertainty and volatility in the U.S. economy and financial markets in recent years, plus the repercussions of a heightened regulatory environment, have weakened or may weaken the financial condition of numerous insurers, including insurers currently in receiverships, increasing the risk of triggering guaranty fund assessments. For more information regarding assessments from guaranty fund associations, see Note 26 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

If the counterparties to our reinsurance arrangements or to the derivative instruments we use to hedge our business risks default or otherwise fail to fulfill their obligations, we may be exposed to risks we had sought to mitigate, which could adversely affect our financial condition and results of operations.

We use reinsurance to mitigate our risks in various circumstances as described in Item 1 of this Annual Report on Form 10-K - "Business - Our Segments - Protection - Reinsurance." Reinsurance does not relieve us of our direct liability to our policyholders and contractholders, even when the reinsurer is liable to us. Accordingly, we bear credit and performance risk with respect to our reinsurers, including Commonwealth Annuity and Life Insurance Company as well as Genworth Life Insurance Company. In July 2016, we finalized various confidential enhancements with Genworth Life Insurance Company that have been shared, in the normal course of regular reviews, with our Domiciliary Regulators and rating agencies. A reinsurer's insolvency or its inability or unwillingness to make payments under the terms of our reinsurance agreement could have a material adverse effect on our financial condition and results of operations. See Notes 2, 7 and 8 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information regarding reinsurance.

In addition, we use a variety of derivative instruments (including options, forwards, swaps and futures with a number of counterparties to hedge business risks. The amount and breadth of exposure to derivative counterparties, as well as the cost of derivative instruments, have increased significantly in connection with our strategies to hedge guaranteed benefit obligations under our variable annuity products. If our counterparties fail to honor their obligations under the derivative instruments in a timely manner, our hedges of the related risk will be ineffective. That failure could have a material adverse effect on our financial condition and results of operations. This risk of failure of our hedge transactions from counterparty default may be increased by capital market volatility.

We provide investment securities as collateral to our derivative counterparties which they may sell, pledge, or rehypothecate. We have exposure, under the relevant arrangement, if the collateral is not returned to us to the extent that the fair value of the collateral exceeds our liability. Additionally, we may also accept investment securities as collateral from our derivative counterparties, which we may sell, pledge, or rehypothecate. If the counterparties that we pledge the collateral to are not able to return these investment securities under the terms of the relevant arrangements, we would be required to deliver alternative investments or cash to our derivative counterparty, which could impact our liquidity and could adversely impact our financial condition or results of operations.

If our reserves for future policy benefits and claims or for our bank lending portfolio or for future certificate redemptions and maturities are inadequate, we may be required to increase our reserve liabilities, which would adversely affect our results of operations and financial condition.

We establish reserves as estimates of our liabilities to provide for future obligations under our insurance policies, annuities and investment certificate contracts. We also establish reserves as estimates of the potential for loan losses in our consumer lending portfolios. Reserves do not represent an exact calculation of the liability but, rather, are estimates of contract benefits and related expenses we expect to incur over time. The assumptions and estimates we make in establishing reserves require certain judgments about future experience and, therefore, are inherently uncertain. We cannot determine with precision the actual amounts that we will pay for contract benefits, the timing of payments, or whether the assets supporting our stated reserves will increase to the levels we estimate before payment of benefits or claims. We monitor our reserve levels continually. If we were to conclude that our reserves are insufficient to cover actual or expected contract benefits, we would be required to increase our reserves and incur income statement charges for the period in which we make the determination, which would adversely affect our results of operations and financial condition. For more information on how we set our reserves, see Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Morbidity rates, mortality rates or the severity or frequency of other insurance claims that differ significantly from our pricing expectations could negatively affect profitability.

We have historically set, and continue to set, prices for *RiverSource* life disability insurance (and historically LTC insurance) as well as some annuity products based upon expected claim payment patterns, derived from assumptions we make about our policyholders and contractholders, including morbidity and mortality rates. The long-term profitability of these products depends upon how our actual experience compares with our pricing assumptions. For example, if morbidity rates are higher, or mortality rates are lower, than our pricing assumptions, we could be required to make greater payments under disability income insurance policies, chronic care riders and immediate annuity contracts than we had projected. The same holds true for LTC policies we previously underwrote to the extent of the risks that we retained. If mortality rates are higher than our pricing assumptions, we could be required to make greater payments under our life insurance policies and annuity contracts with guaranteed minimum death benefits than we have projected.

The risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our LTC insurance products notwithstanding our ability to implement future price increases with regulatory approvals. As with life insurance, LTC insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years. However, as a relatively new product in the market, LTC insurance does not have the extensive claims experience history of life insurance and, as a result, our ability to forecast future claim rates for LTC insurance is more limited than for life insurance. We have sought to moderate these uncertainties to some extent by partially reinsuring LTC policies at the time the policies were underwritten and limiting our present stand-alone LTC insurance offerings to policies underwritten fully by unaffiliated third-party insurers, and we have also implemented rate increases on certain in force policies. Certain estimates and assumptions used in setting our LTC reserves (which is an inherently uncertain and complex process) are described in Item 1 of this Annual Report on Form 10-K - “Business - Our Segments - Corporate & Other - Closed Block Long Term Care Insurance.” We may be required to implement additional rate increases in the future and may or may not receive regulatory approval for the full extent and timing of any rate increases that we may seek.

We may face losses if there are significant deviations from our assumptions regarding the future persistency of our insurance policies and annuity contracts.

The prices and expected future profitability of our life insurance and deferred annuity products are based in part upon assumptions related to persistency, which is the probability that a policy or contract will remain in force from one period to the next. Economic and market dislocations may occur, and future consumer persistency behaviors could vary materially from the past. The effect of persistency on profitability varies for different products. For most of our life insurance and deferred annuity products, actual persistency that is lower than our persistency assumptions could have an adverse impact on profitability, especially in the early years of a policy or contract, primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract.

For our LTC insurance and universal life insurance policies with secondary guarantees, as well as variable annuities with guaranteed minimum withdrawal benefits, actual persistency that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in force longer than we assumed, we could be required to make greater benefit payments than we had anticipated when we priced or partially reinsured these products. Some of our LTC insurance policies have experienced higher persistency and poorer morbidity experience than we had assumed, which led us to increase premium rates on certain policies.

Because our assumptions regarding persistency experience are inherently uncertain, reserves for future policy benefits and claims may prove to be inadequate if actual persistency experience is different from those assumptions. Although some of our products permit us

to increase premiums during the life of the policy or contract, we cannot guarantee that these increases would be sufficient to maintain profitability. Additionally, some of these pricing changes require regulatory approval, which may not be forthcoming. Moreover, many of our products do not permit us to increase premiums or limit those increases during the life of the policy or contract, while premiums on certain other products (primarily LTC insurance) may not be increased without prior regulatory approval. Significant deviations in experience from pricing expectations regarding persistency could have an adverse effect on the profitability of our products.

We may be required to accelerate the amortization of DAC, which would increase our expenses.

DAC represents the portion of costs which are incremental and direct to the acquisition of new or renewal business, principally direct sales commissions and other distribution and underwriting costs that have been deferred on the sale of annuity, life and disability income insurance and, to a lesser extent, distribution expenses for certain mutual fund products. For annuity and universal life products, DAC are amortized based on projections of estimated gross profits over amortization periods equal to the approximate life of the business. For other insurance products, DAC are generally amortized as a percentage of premiums over amortization periods equal to the premium-paying period. For certain mutual fund products, we generally amortize DAC over fixed periods on a straight-line basis, adjusted for redemptions.

Our projections underlying the amortization of DAC for insurance and annuity products require the use of certain assumptions, including interest margins, mortality rates, persistency rates, maintenance expense levels and customer asset value growth rates for variable products. We periodically review and, where appropriate, adjust our assumptions. When we change our assumptions, we may be required to accelerate the amortization of DAC or to record a charge to increase benefit reserves.

For more information regarding DAC, see Part II, Item 7 of this Annual Report on Form 10-K under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates - Deferred Acquisition Costs.”

Misconduct by our employees and advisors is difficult to detect and deter and could harm our business, results of operations or financial condition.

Misconduct or errors by our employees and advisors could result in violations of law, regulatory sanctions and/or serious reputational or financial harm. Misconduct or errors can occur in each of our businesses and could include: (i) binding us to transactions that exceed authorized limits; (ii) hiding unauthorized or unsuccessful activities resulting in unknown and unmanaged risks or losses; (iii) improperly or inadvertently using, disclosing or otherwise compromising confidential information, including client confidential information; (iv) recommending transactions that are not suitable; (v) engaging in fraudulent or otherwise improper activity, including the misappropriation of funds; (vi) engaging in unauthorized or excessive trading to the detriment of customers; or (vii) otherwise not complying with laws, regulations or our control procedures.

We cannot always deter misconduct by our employees and advisors, and the precautions we take to prevent and detect this activity may not be effective in all cases. Preventing and detecting misconduct among our franchisee advisors who are not employees of our company presents additional challenges. We also cannot assure you that misconduct by our employees and advisors will not lead to a material adverse effect on our business, results of operations or financial condition.

A failure to protect our reputation could adversely affect our businesses.

Our reputation is one of our most important assets. Our ability to attract and retain customers, investors, employees and advisors is highly dependent upon external perceptions of our company. Damage to our reputation could cause significant harm to our business and prospects. Reputational damage may arise from numerous sources including litigation or regulatory actions, failing to deliver minimum standards of service and quality, compliance failures, any perceived or actual weakness in our financial strength or liquidity, technological, cybersecurity, or other security breaches (including attempted or inadvertent breaches) resulting in improper disclosure of client or employee personal information, unethical or improper behavior and the misconduct or error of our employees, advisors and counterparties. Negative perceptions or publicity regarding these matters could damage our reputation among existing and potential customers, investors, employees and advisors. Reputations may take decades to build, and any negative incidents can quickly erode trust and confidence, particularly if they result in adverse mainstream and social media publicity, governmental investigations or litigation. Adverse developments with respect to our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us.

Our reputation is also dependent on our continued identification of and mitigation against conflicts of interest. As we have expanded the scope of our businesses and our client base, we increasingly have to identify and address potential conflicts of interest, including those relating to our proprietary activities and those relating to our sales of non-proprietary products from manufacturers that have agreed to provide us marketing, sales and account maintenance support. For example, conflicts may arise between our position as a provider of financial planning services and as a manufacturer and/or distributor or broker of asset accumulation, income or insurance products that one of our advisors may recommend to a financial planning client. We have procedures and controls that are designed to identify, address and appropriately disclose perceived conflicts of interest. However, identifying and appropriately addressing conflicts of interest is complex, and our reputation could be damaged if we fail, or appear to fail, to address conflicts of interest appropriately.

In addition, the SEC and other federal and state regulators have increased their scrutiny of potential conflicts of interest. It is possible that potential or perceived conflicts could give rise to litigation or enforcement actions. Also, it is possible that the regulatory scrutiny

of, and litigation in connection with, conflicts of interest will make our clients less willing to enter into transactions in which such a conflict may occur, which would adversely affect our businesses.

Our operational systems and networks have been, and will continue to be, subject to evolving cybersecurity or other technological risks, which could result in the disclosure of confidential client or employee information, loss of our proprietary information, damage to our reputation, additional costs to us, regulatory penalties and other adverse impacts. The same is true for systems, networks and operations that franchise advisors control locally.

Our business is reliant upon internal and third-party technology systems and networks to process, transmit and store information, including sensitive client and proprietary information, and to conduct many of our business activities and transactions with our clients, advisors, vendors and other third parties. Maintaining the security and integrity of this information and these systems and networks, and appropriately responding to any cybersecurity and privacy incidents (including attempts), is critical to the success of our business operations, including our reputation, the retention of our advisors and clients, and to the protection of our proprietary information and our clients' personal information. To date, we have not experienced any material breaches of or interference with our centrally controlled systems and networks, however, we routinely face and address such threats. For example, in past years we and other financial institutions experienced distributed denial of service attacks intended to disrupt the centrally controlled systems that provide clients with access to online systems and information. While we have been able to detect and respond to these incidents to date without loss of client assets or information, we enhanced our corporate security capabilities and cybersecurity incident response manual and will continue to assess our ability to monitor for, detect, prevent, mitigate, respond to and recover from such threats. In addition to the foregoing, our (and our advisors') experiences with cybersecurity and technology threats have included phishing and spear phishing scams, social engineering attacks, account takeovers, introductions of malware, attempts at electronic break-ins, and the submission of fraudulent payment requests. The number of attempted phishing attacks increased substantially in 2019, and we do not expect a reduction in the future. Any successful breaches or interference (as well as attempted breaches or interference) by third parties or by insiders that may occur in the future could have a material adverse impact on our business, reputation, financial condition or results of operations.

On a corporate basis, we are subject to international, federal and state regulations, and in some cases contractual obligations, that require us to establish and maintain corporate policies and procedures designed to protect sensitive client, employee, contractor and vendor information and respond to cybersecurity incidents. We have implemented policies that require our franchisee advisors who control locally their own technology operations to do the same. We have implemented and maintain security measures designed to protect against breaches of corporate security and other interference with our corporate systems and networks resulting from attacks by third parties, including hackers, and from employee, advisor or service provider error or malfeasance. We also contractually require third-party vendors who, in the provision of services to us, are provided with access to our systems and information pertaining to our business or our clients, to meet certain physical and information security standards. We recommend through policies that franchise advisors do the same with their facilities, systems and third-party vendors. Changes in our client base, the mix of assets under management or administration and business model or technology platform changes, such as an evolution to accommodate mobile computing, virtual interface and multi-device functionality, may also require corresponding changes in our systems, networks and data security and response measures. While accessing our products and services, our customers may use computers and other devices that sit outside of our security control. We provide tips for clients regarding safe online practices, but cannot be sure clients will adopt some or all such advice. In addition, the ever-increasing reliance on technology systems and networks and the occurrence and potential adverse impact of attacks on such systems and networks (including in recent well-publicized security breaches at other companies), both generally and in the financial services industry, have enhanced government and regulatory scrutiny of the measures taken by companies to protect against cybersecurity threats. As these threats, and government and regulatory oversight of associated risks, continue to evolve, we may be required to expend additional resources to enhance or expand upon the security and response measures we currently maintain or that we allow franchise advisors to maintain and control locally.

Despite the measures we have taken and may in the future take to address and mitigate cybersecurity, privacy and technology risks, we cannot assure you that our systems and networks will not be subject to successful attacks, breaches or interference. Nor can we always assure you that franchise advisors will comply with our policies and procedures in this regard, or that clients will engage in safe online practices. Any such event may result in operational disruptions (including for example, various delays or mistakes in materials provided to our clients and shareholders in the Columbia Threadneedle Investments funds, as well as impacts to pricing, calculation and trading operations for the Columbia Threadneedle Investments funds and various operations for our other businesses), as well as unauthorized access to or the disclosure or loss of, our proprietary information or client or employee personal information, which in turn may result in legal claims, regulatory scrutiny and liability, reputational damage, the incurrence of costs to eliminate or mitigate further exposure, the loss of clients or advisors or other damage to our business. While we maintain cyber liability insurance that provides both third-party liability and first-party liability coverages, this insurance may not be sufficient to protect us against all cybersecurity-related losses. Furthermore, we may be subject to indemnification costs and liability to third parties if we breach any confidentiality obligations regarding vendor data or for losses related to the data. In addition, the trend toward broad consumer and general-public notification of such incidents could exacerbate the harm to our business, reputation, financial condition or results of operations. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data and conduct appropriate incident response, we may incur significant expenses in connection with our responses to any such attacks, as well as the adoption, implementation and maintenance of appropriate security measures. In addition, our regulators may seek to hold our company responsible for the acts or omissions of our franchise advisors even where they procure and control much of the physical office space and technology infrastructure they use to operate their businesses locally. We could also suffer harm to our business and

reputation if attempted security breaches are publicized regardless of whether or not harm was actually done to any client or client information or employee or employee information. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems or third-party systems we or our franchise advisors use, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our business.

Protection from system interruptions and operating errors is important to our business. If we experience a sustained interruption to our telecommunications or data processing systems, or other failure in operational execution, it could harm our business.

Operating errors and system or network interruptions could delay and disrupt our ability to develop, deliver or maintain our products and services, or to operate compliance or risk management functions, causing harm to our business and reputation and resulting in loss of our advisors, clients or revenue. Interruptions could be caused by operational failures arising from service provider, employee or advisor error or malfeasance, interference by third parties, including hackers, our implementation of new technology, as well as from our maintenance of existing technology. Our financial, accounting, data processing or other operating systems and facilities may fail to operate or report data properly, experience connectivity disruptions or otherwise become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process transactions or provide products and services to our clients. These interruptions can include fires, floods, earthquakes and other natural disasters, power losses, equipment failures, attacks by third parties, failures of internal or vendor personnel, software, equipment or systems and other events beyond our control. Although we have developed, regularly test and maintain a comprehensive business continuity plan and cybersecurity incident response manual that covers potential disruptions to centrally controlled systems and platforms and require our key technology vendors and service providers to do the same, there are inherent limitations in such plans and they might not, despite testing and monitoring, operate as designed in the event of an actual event or crisis. Further, we cannot control the execution of any business continuity or incident response plans implemented by our service providers or our franchise advisors.

We rely on third-party service providers and vendors for certain communications, technology and business functions and other services, and we face the risk of operational failure (including, without limitation, failure caused by an inaccuracy, untimeliness or other deficiency in data reporting), technical or security failures, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other third-party service providers that we use to facilitate or are component providers to our securities transactions and other product manufacturing and distribution activities. For example, many of our applications run on a technology infrastructure managed on an outsourced basis by IBM since 2002. Under this arrangement, IBM is responsible for most mainframe, mid-range, computing network and storage operations, which includes a portion of our web hosting operations, and we are subject to the risks of any operational failure, termination or other restraints in this arrangement. These risks are heightened by our deployment in response to both investor interest and evolution in the financial markets of increasingly sophisticated products, such as those which incorporate automatic asset re-allocation, long/short trading strategies or multiple portfolios or funds, and business-driven hedging, compliance and other risk management or investment or financial management strategies. Any such failure, termination or constraint or flawed response could adversely impact our ability to effect transactions, service our clients, manage our exposure to risk, or otherwise achieve desired outcomes.

Risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risk, including employee and financial advisor misconduct.

We have devoted significant resources to develop our risk management policies and procedures and will continue to do so. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Many of our methods of managing risk and the associated exposures are based upon our use of observed historical market behavior or statistics based on historical models. During periods of market volatility, or due to unforeseen events, the historically-derived correlations upon which these methods are based may not be valid. As a result, these methods may not predict future exposures accurately, which could be significantly greater than what our models indicate. Further some controls are manual and are subject to inherent limitations. This could cause us to incur investment losses or cause our hedging and other risk management strategies to be ineffective. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated.

Moreover, we are subject to the risks of errors and misconduct by our employees and advisors, such as fraud, non-compliance with policies, recommending transactions that are not suitable, and improperly using or disclosing confidential information. These risks are difficult to detect in advance and deter, and could harm our business, results of operations or financial condition. We are further subject to the risk of nonperformance or inadequate performance of contractual obligations by third-party vendors of products and services that are used in our businesses. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Insurance and other traditional risk-shifting tools may be held by or available to us in order to manage certain exposures, but they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency.

As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations.

We act as a holding company for our subsidiaries, through which substantially all of our operations are conducted. Dividends from our subsidiaries and permitted payments to us under our intercompany arrangements with our subsidiaries are our principal sources of cash to pay shareholder dividends and to meet our other financial obligations. These obligations include our operating expenses and interest and principal on our borrowings. If the cash we receive from our subsidiaries pursuant to dividend payment and intercompany arrangements is insufficient for us to fund any of these obligations, we may be required to raise cash through the incurrence of additional debt, the issuance of additional equity or the sale of assets. If any of this happens, it could adversely impact our financial condition and results of operations.

Insurance, banking and securities laws and regulations regulate the ability of many of our subsidiaries (such as our insurance, banking and brokerage subsidiaries and our face-amount certificate company) to pay dividends or make other permitted payments. Further, the FRB's 2019 proposal for a new capital framework for ISLHCs, termed the "Building Block Approach", would create new capital requirements (even if there are any refinements to the proposal) which could potentially impact the way we structure our capital or manage our business. See Item 1 of this Annual Report on Form 10-K - "Regulation" as well as the information contained in Part II, Item 7 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources." In addition to the various regulatory restrictions and local law requirements that constrain our subsidiaries' ability to pay dividends or make other permitted payments to our company, the rating organizations impose various capital requirements on our company and our insurance company subsidiaries in order for us to maintain our ratings and the ratings of our insurance subsidiaries. The value of assets on the company-level balance sheets of our subsidiaries is a significant factor in determining these restrictions and capital requirements. As asset values decline, our and our subsidiaries' ability to pay dividends or make other permitted payments can be reduced. Additionally, the various asset classes held by our subsidiaries, and used in determining required capital levels, are weighted differently or are restricted as to the proportion in which they may be held depending upon their liquidity, credit risk and other factors. Volatility in relative asset values among different asset classes can alter the proportion of our subsidiaries' holdings in those classes, which could increase required capital and constrain our and our subsidiaries' ability to pay dividends or make other permitted payments. The regulatory capital requirements and dividend-paying ability of our subsidiaries may also be affected by a change in the mix of products sold by such subsidiaries. For example, fixed annuities typically require more capital than variable annuities, and an increase in the proportion of fixed annuities sold in relation to variable annuities could increase the regulatory capital requirements of our life insurance subsidiaries. This may reduce the dividends or other permitted payments which could be made from those subsidiaries in the near term without the rating organizations viewing this negatively. Further, the capital requirements imposed upon our subsidiaries may be impacted by heightened regulatory scrutiny and intervention, which could negatively affect our and our subsidiaries' ability to pay dividends or make other permitted payments. Additionally, in the past we have found it necessary and advisable to provide support to certain of our subsidiaries in order to maintain adequate capital for regulatory or other purposes and we may provide such support in the future. The provision of such support could adversely affect our excess capital, liquidity, and the dividends or other permitted payments received from our subsidiaries.

The operation of our business in foreign markets and our investments in non-U.S. denominated securities and investment products subjects us to exchange rate and other risks in connection with international operations and earnings and income generated overseas.

While we are a U.S.-based company, a significant portion of our business operations occurs outside of the U.S. and some of our investments are not denominated in U.S. dollars. As a result, we are exposed to certain foreign currency exchange risks that could reduce U.S. dollar equivalent earnings as well as negatively impact our general account and other proprietary investment portfolios. Appreciation of the U.S. dollar could unfavorably affect net income from foreign operations, the value of non-U.S. dollar denominated investments and investments in foreign subsidiaries. In comparison, depreciation of the U.S. dollar could positively affect our net income from foreign operations and the value of non-U.S. dollar denominated investments, though such depreciation could also diminish investor, creditor and rating organizations' perceptions of our company compared to peer companies that have a relatively greater proportion of foreign operations or investments.

We may seek to mitigate these risks by employing various hedging strategies including entering into derivative contracts. Currency fluctuations, including the effect of changes in the value of U.S. dollar denominated investments that vary from the amounts ultimately needed to hedge our exposure to changes in the U.S. dollar equivalent of earnings and equity of these operations, may adversely affect our results of operations, cash flows or financial condition.

In addition, conducting and increasing our international operations subjects us to new risks that, generally, we have not faced in the U.S., including: (i) unexpected changes in foreign regulatory requirements; (ii) difficulties in managing and staffing international operations; (iii) potentially adverse tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earning; (iii) the localization of our solutions and related costs; (iv) the burdens of complying with a wide variety of foreign laws and different legal standards, including laws and regulations; (v) increased financial accounting and reporting burdens and complexities; and (vi) local, regional and global political, social and economic instability abroad. The occurrence of any one of these risks could negatively affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources. We cannot be certain that the investment and additional resources required in establishing, acquiring or integrating operations in other countries, or

adjusting to changes in local or regional political environments (such as may result from Brexit) will produce desired levels of revenues or profitability.

As an example, the full impact of Brexit and its related consequences remain uncertain, including with respect to ongoing negotiations between the UK and EU and new trade agreements with global trading partners. During this period and beyond, the impact of any partial or complete dissolution of the EU on the UK and European economies and the broader global economy could be significant, resulting in negative impacts on currency and financial markets generally, such as increased volatility and illiquidity, and potentially lower economic growth in markets in the UK, Europe and globally, which may adversely affect the value of the *Columbia Threadneedle Investments* funds' portfolio investments. The UK has one of the largest economies in Europe, and member countries of the EU are substantial trading partners of the UK. The UK financial service sector continues to face uncertainty over the UK's final relationship with the EU and globally as a result of Brexit. For example, certain financial services operations may have to move outside of the UK following the end of the transition period on December 31, 2020 (e.g., currency trading, international settlement operations). Additionally, depending on the final terms agreed with the EU during this transition period, certain financial services businesses may be forced to move staff and comply with two separate sets of rules, or lose business to firms in Europe. Furthermore, final terms may create the potential for decreased trade, the possibility of capital outflows, devaluation of the pound sterling, the cost of higher corporate bond spreads, and the risk that all the above could negatively impact business and consumer spending as well as foreign direct investment. As a result of Brexit, the British economy and its currency may be negatively impacted by changes to the UK's economic and political relations with the EU and other countries. Any further exits from the EU, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties. The impact of Brexit in the near- and long-term is still unknown and could have additional adverse effects on economies, financial markets, currencies and asset valuations around the world.

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

The occurrence of natural disasters and catastrophes, including earthquakes, hurricanes, floods, tornadoes, fires, blackouts, severe winter weather, explosions, pandemic disease and man-made disasters, including acts of terrorism, insurrections and military actions, could adversely affect our results of operations or financial condition. Such disasters and catastrophes may damage our facilities, preventing our employees and financial advisors from performing their roles or otherwise disturbing our ordinary business operations and by impacting insurance claims, as described below. These impacts could be particularly severe to the extent they affect our computer-based data processing, transmission, storage and retrieval systems and destroy or release valuable data. Such disasters and catastrophes may also impact us indirectly by changing the condition and behaviors of our customers, business counterparties and regulators, as well as by causing declines or volatility in the economic and financial markets.

The potential effects of natural and man-made disasters and catastrophes on certain of our businesses include but are not limited to the following: (i) a catastrophic loss of life may materially increase the amount of or accelerate the timing in which benefits are paid under our insurance policies; (ii) an increase in claims and any resulting increase in claims reserves caused by a disaster may harm the financial condition of our reinsurers, thereby impacting the cost and availability of reinsurance and the probability of default on reinsurance recoveries; and (iii) declines and volatility in the financial markets may decrease the value of our assets under management and administration, which could harm our financial condition and reduce our management fees.

We cannot predict the impact that changing climate conditions may have on the frequency and severity of natural disasters or on overall economic stability and sustainability. As such, we cannot be sure that our actions to identify and mitigate the risks associated with such disasters and catastrophes, including predictive modeling, establishing liabilities for expected claims, acquiring insurance and reinsurance and developing business continuity plans, will be effective.

Legal, Regulatory and Tax Risks

Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses.

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our operations, both domestically and internationally. Actions brought against us may result in awards, settlements, penalties, injunctions or other adverse results, including reputational damage. In addition, we may incur significant expenses in connection with our defense against such actions regardless of their outcome. Various regulatory and governmental bodies have the authority to review our products and business practices and those of our employees and independent financial advisors and to bring regulatory or other legal actions against us if, in their view, our practices, or those of our employees or advisors, are improper. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to us and proceedings that are typical of the industries and businesses in which we operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. See Item 3 of this Annual Report on Form 10-K - "Legal Proceedings." In or as a result of turbulent times, the volume of claims and amount of damages sought in litigation and regulatory proceedings generally increase.

Our businesses are regulated heavily, and changes to the laws and regulations applicable to our businesses may have an adverse effect on our operations, reputation and financial condition.

Virtually all aspects of our business, including the activities of our parent company and our various subsidiaries, are subject to various federal, state and international laws and regulations. For a discussion of the regulatory framework in which we operate, see "Business - Regulation." included in Part I, Item 1 of this Annual Report on Form 10-K. Compliance with these applicable laws and regulations is time-consuming and personnel-intensive, and we have invested and will continue to invest substantial resources to ensure compliance by our parent company and our subsidiaries, directors, officers, employees, registered representatives and agents. Any enforcement actions, investigations or other proceedings brought against us or our subsidiaries, directors, employees or advisors by our regulators may result in fines, injunctions or other disciplinary actions that could harm our reputation or impact our results of operations. Further, any changes to the laws and regulations applicable to our businesses, as well as changes to the interpretation and enforcement of such laws and regulations, may affect our operations and financial condition. Such changes may impact our operations and profitability and the practices of our advisors, including with respect to the scope of products and services provided, the manner in which products and services are marketed and sold and the incurrence of additional costs of doing business. Ongoing changes to regulation and oversight of the financial industry may produce results, the full impact of which cannot be immediately ascertained. In addition, we expect the worldwide demographic trend of population aging will cause policymakers to continue to focus on the framework of U.S. and non-U.S. retirement systems, which may drive additional changes regarding the manner in which individuals plan for and fund their retirement, the extent of government involvement in retirement savings and funding, the regulation of retirement products and services and the oversight of industry participants. For example, we continue to see enhanced legislative and regulatory interest regarding retirement investing, financial advisors and investment professionals, and we will continue to closely review and monitor any legislative or regulatory proposals and changes. Any incremental requirements, costs and risks imposed on us in connection with such current or future legislative or regulatory changes may constrain our ability to market our products and services to potential customers, and could negatively impact our profitability and make it more difficult for us to pursue our growth strategy.

Certain examples of legislative and regulatory changes that may impact our businesses are described below. Some of the changes could present operational challenges and increase costs. Ultimately these complexities and increased costs could have an impact on our ability to offer cost-effective and innovative insurance products to our clients.

In June 2019 the SEC adopted a package of rulemakings and interpretations related to the provision of advice by broker-dealers and investment advisers, including Regulation Best Interest and the Client Relationship Summary (Form CRS), effective June 30, 2020. Among other things, Regulation Best Interest requires a broker-dealer to act in the best interest of a retail customer when making a recommendation to that customer of any securities transaction or investment strategy involving securities. The regulation entails heightened standards for broker-dealers, and we anticipate incurring additional costs in order to review and modify our policies and procedures, as well as associated supervisory and compliance controls and the provision of Form CRS to clients.

Furthermore, New York, Massachusetts and several other states have either issued their own best interest or fiduciary rules or are considering doing so and those rules may be limited to certain types of products (e.g. insurance and annuities, financial planning, etc.) or may broadly cover all recommendations made by financial advisors. The Department of Labor ("DOL") has included on its regulatory agenda fiduciary rulemaking regarding investment advice to clients who hold assets in IRAs and certain employer-sponsored retirement plan accounts. The Certified Financial Planner Board has updated its professional standards of conduct to include a fiduciary standard that applies to financial advisors who hold a Certified Financial Planner designation. Currently, Ameriprise has approximately 4,100 financial advisors that hold a Certified Financial Planner designation. Considering the various fiduciary rules and regulations that have been proposed or finalized, we continue to exert significant efforts to evaluate and prepare to comply with each rule.

Depending on the span and substance of any regulations and the timing of their applicability, the scope of any implementation could impact the way we compensate our advisors, particularly with respect to the sale of commission-based products, the access that representatives of affiliated and unaffiliated product manufacturers could have to our advisors and clients, and the manner and degree to which we and our advisors could have selling and marketing costs reimbursed by product manufacturers. We have incurred infrastructure costs in anticipation of compliance with these new regulations, and ongoing costs will be driven by how these regulations may evolve over the course of time. Depending on the final regulations, we could be subject to both increased litigation risk and the possibility of overlapping or competing requirements from other regulators. Our solutions may be different than some or all of our competitors which may lead us to having a competitive advantage or disadvantage as compared to our peers. How our advisors, prospective advisor recruits, distribution partners, competitors and the broader financial industry adapt to any final regulation, or how clients, prospective clients and regulators react to industry and business changes driven thereof, will evolve over the course of time.

MiFID II came into effect in January 2018 and is the most significant regulatory change EU investment firms have recently faced. MiFID II strengthened the requirement for investment firms to act in the client's best interest, in many areas including conflicts of interest (specifically, inducements and a prohibition on free research), strengthening of best execution requirements and increased costs and charges disclosure, in relation to all services provided to clients. In response to MiFID II, Columbia Threadneedle Investments has implemented wide ranging changes to systems, policies and operating procedures across its business. Implementation of our internal measures will have direct and indirect impacts on us and certain of our affiliates, including significant changes to client

servicing models, distribution models, the fees we are able to charge to clients and the way that our affiliates execute investment decisions for client portfolios. MiFID II and similar regimes may result in existing flows of business moving to less profitable channels or even to competitors providing substitutable products outside the regime. The interpretation and implementation of the inducements rules has also resulted in major changes to how fund managers finance investment research with many firms opting to pay for third-party investment research for U.S. and non-U.S. client accounts regardless of whether such accounts were covered by MiFID II. There is no assurance we will continue to have access to the third-party broker-dealers, banks, investment advisers and other financial intermediaries that currently distribute our products, or continue to have the opportunity to offer all or some of our existing products through them. Any inability to access and successfully sell our products to clients through third-party distribution channels could have a negative effect on our level of AUM and overall business and financial condition.

Effective May 2018, the EU's GDPR strengthened data protection rules for individuals within the EU. GDPR also addresses export of personal data outside the EU. Compliance with the stringent rules under GDPR will require ongoing reviews of all of our global data processing systems, processes and procedures. A failure to comply with GDPR could result in fines up to 20 million Euros or 4% of annual global revenues, whichever is higher. Domestically, state-level laws and regulations continue to evolve creating a patchwork of rules to be examined and followed. Most recently, California passed its California Consumer Privacy Act of 2018, which became effective on January 1, 2020. Other states may follow suit and promulgate their own privacy legislation.

After the conversion of Ameriprise National Trust Bank into a federal savings bank in May 2019, Ameriprise Financial became subject to ongoing supervision by the FRB, including supervision and prudential standards, requirements related to RBC, stress-testing, resolution planning, and certain risk management requirements. Further, as a financial holding company, our activities are limited to those that are financial in nature, incidental to a financial activity or, with FRB approval, complementary to a financial activity. In order to maintain Ameriprise's status as a financial holding company, Ameriprise Bank, as Ameriprise's sole insured depository institution subsidiary, is required to remain "well-capitalized" and "well-managed" under applicable regulations, and must have received at least a "satisfactory" rating in its most recent examination under the Community Reinvestment Act ("CRA"). In addition, Ameriprise needs to remain "well-capitalized" and "well-managed" in order to maintain its status as a financial holding company. As a financial holding company, we depend on dividends, distributions and other payments from our subsidiaries in order to meet our obligations, including our debt service obligations. Our subsidiaries are subject to laws and regulations that restrict dividend payments or authorize regulatory bodies to prevent or reduce the flow of funds from those subsidiaries to Ameriprise. Our broker-dealers and bank subsidiary are limited in their ability to lend or transact with affiliates and are subject to minimum regulatory capital and other requirements, as well as limitations on their ability to use funds deposited with them in brokerage or bank accounts to fund their businesses. These requirements may hinder our ability to access funds from our subsidiaries. We may also become subject to a prohibition or limitations on our ability to pay dividends or repurchase our common stock. The federal banking regulators, including the OCC, the FRB and the FDIC, as well as the SEC (through FINRA) have the authority and under certain circumstances, the obligation, to limit or prohibit dividend payments and stock repurchases by the banking organizations they supervise, including Ameriprise and its bank subsidiaries.

Failure to meet one or more of these requirements would mean, depending on the requirements not met, that Ameriprise could not undertake new activities, continue certain activities, or make acquisitions other than those permitted generally for bank holding companies. Compliance with bank holding company laws and regulations could impact the structure and availability of certain of our products and services and our costs in providing those products and services. Costs of compliance may be driven by how these laws and regulations and the scale of Ameriprise Bank evolves over the course of time.

Any mandated reductions or restructuring of the fees we charge for our products and services resulting from regulatory initiatives or proceedings could reduce our revenues and/or earnings. Fees paid by mutual funds in accordance with plans and agreements of distribution adopted under Rule 12b-1 promulgated under the Investment Company Act and by other sources of managed products are commonly found as a means for product manufacturers and distribution platforms to address the costs of these products and investor education. The SEC has in the past and could again propose measures that would establish a new framework to materially alter Rule 12b-1. Certain industry-wide reduction or restructuring of Rule 12b-1 fees, or other servicing fees, could impact our ability to distribute our own mutual funds and/or the fees we receive for distributing other companies' mutual funds to our commission-based brokerage customers, which could, in turn, impact our revenues and/or earnings.

Our insurance companies are subject to state regulation and must comply with statutory reserve and capital requirements. State regulators, as well as the NAIC, continually review and update these requirements and other requirements relating to the business operations of insurance companies, including their underwriting and sales practices and their use of affiliated captive insurers. Changes in these requirements that are made for the benefit of the consumer sometimes lead to additional expense for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations. In December 2012, the NAIC adopted a new reserve valuation manual that applies principles-based reserve standards to life insurance products. The valuation manual has been adopted by the required number of states and the percentage of U.S. insurance premium threshold has been reached, therefore, the valuation manual was effective for companies domiciled in adopted states on January 1, 2017. Minnesota adopted the valuation manual in 2016 and New York adopted the valuation manual in December 2018 to be effective January 2020. The RiverSource Life companies have developed an implementation plan and RiverSource Life reported principles-based reserves for a universal life product issued in 2019. The requirement for principles-based life insurance reserves may result in statutory reserves being more sensitive to changes in interest rates, policyholder behavior and other market factors. It is not possible at this time to estimate the potential impact of future changes in statutory reserve and capital requirements on our insurance businesses. Further, we cannot

predict the effect that proposed federal legislation may have on our businesses or competitors, such as the option of federally chartered insurers, a mandated federal systemic risk regulator, future initiatives of the FIO within the Department of the Treasury or by any of the Domiciliary Regulators, the NAIC or the International Association of Insurance Supervisors with respect to insurance holding company supervision, capital standards or systemic risk regulation. For additional discussion on the role and activities of the FIO, see the information provided under the heading "Regulation - Insurance Regulation" included in Part I, Item 1 of this Annual Report on Form 10-K. As discussed earlier, the FRB's 2019 proposal for a new capital framework for ISLHCs, would create new capital requirements (even if there are any refinements to the proposal) which could potentially impact the way we structure our capital or manage our business.

Changes in the supervision and regulation of the financial industry, both domestically and internationally, could materially impact our results of operations, financial condition and liquidity.

The Dodd-Frank Act, enacted into law in 2010 called for sweeping changes in the supervision and regulation of the financial services industry designed to provide for greater oversight of financial industry participants, reduce risk in banking practices and in securities and derivatives trading, enhance public company corporate governance practices and executive compensation disclosures, and provide greater protections to individual consumers and investors.

Accordingly, while certain elements of these reforms could be further changed under the Trump administration (such as through the May 2018 legislation that loosened aspects of the Dodd-Frank Act), the Dodd-Frank Act has impacted and is expected to further impact the manner in which we market our products and services, manage our company and its operations and interact with regulators, all of which could materially impact our results of operations, financial condition and liquidity. Certain provisions of the Dodd-Frank Act that may impact our business include but are not limited to the establishment of a fiduciary standard for broker-dealers, the resolution authority granted to the FDIC, changes in regulatory oversight and greater oversight over derivatives instruments and trading. After a conformance period, we will be required to comply with the Volcker Rule. The impact of this compliance, as well as recent changes to the Volcker rule, may be operationally difficult to implement and thus may negatively impact our business. Any changes to regulations or changes to the supervisory approach may also result in increased compliance costs to the extent we are required to modify our existing compliance policies, procedures and practices. We will need to respond to changes to the framework for the supervision of U.S. financial institutions, including the actions of the FSOC. To the extent the Dodd-Frank Act or other new regulation of the financial services industry impacts the operations, financial condition, liquidity and capital requirements of unaffiliated financial institutions with whom we transact business, those institutions may seek to pass on increased costs, reduce their capacity to transact, or otherwise present inefficiencies in their interactions with us.

It is uncertain whether the Dodd-Frank Act, the rules and regulations developed thereunder, or any future legislation designed to stabilize the financial markets, the economy generally, or provide better protections to consumers, will have the intended effect. Any new domestic or international legislation or regulatory changes could require us to change certain business practices, impose additional costs, or otherwise adversely affect our business operations, regulatory reporting relationships, results of operations or financial condition. Consequences may include substantially higher compliance costs as well as material effects on fee rates, interest rates and foreign exchange rates, which could materially impact our investments, results of operations and liquidity in ways that we cannot predict. In addition, prolonged government support for, and intervention in the management of, private institutions could distort customary and expected commercial behavior on the part of those institutions, adversely impacting us.

In recent years, other national and international authorities have also proposed measures intended to increase the intensity of regulation of financial institutions, requiring greater coordination among regulators and efforts to harmonize regulatory regimes. These measures have included enhanced RBC requirements, leverage limits, liquidity and transparency requirements, single counterparty exposure limits, governance requirements for risk management, stress-test requirements, debt-to-equity limits for certain companies, early remediation procedures, resolution and recovery planning and guidance for maintaining appropriate risk culture. Our international operations and our worldwide consolidated operations are subject to the jurisdiction of certain of these non-U.S. authorities and may be materially adversely affected by their actions and decisions. Potential measures taken by foreign and international authorities also include the nationalization or expropriation of assets, the imposition of limits on foreign ownership of local companies, changes in laws (including tax laws and regulations) and in their application or interpretation, imposition of large fines, political instability, dividend limitations, price controls, changes in applicable currency, currency exchange controls, or other restrictions that prevent us from transferring funds from these operations out of the countries in which they operate or converting local currencies we hold to U.S. dollars or other currencies. Any of these changes or actions may negatively affect our business. A further result of our non-U.S. operations is that we are subject to regulation by non-U.S. regulators and U.S. regulators such as the Department of Justice and the SEC with respect to the Foreign Corrupt Practices Act of 1977. We expect the scope and extent of regulation outside the U.S., as well as general regulatory oversight, to continue to increase.

A portion of our advisor force are independent contractors. Legislative or regulatory action that redefines the criteria for determining whether a person is an employee or an independent contractor could materially impact our relationships with our advisors and our business, resulting in an adverse effect on our results of operations.

Changes in corporate tax laws and regulations and changes in the interpretation of such laws and regulations, as well as adverse determinations regarding the application of such laws and regulations, could adversely affect our earnings and could make some of our products less attractive to clients.

We are subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which we have significant business operations. These tax laws are complex and may be subject to different interpretations. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes and must also make estimates about when in the future certain items affect taxable income in the various tax jurisdictions. Disputes over interpretations of the tax laws may be settled with the taxing authority upon examination or audit. In addition, changes to the Internal Revenue Code, administrative rulings or court decisions could increase our provision for income taxes and reduce our earnings.

Many of the products we issue or on which our businesses are based (including both insurance products and non-insurance products) receive favorable treatment under current U.S. federal income or estate tax law. Changes in U.S. federal income or estate tax law could reduce or eliminate the tax advantages of certain of our products and thus make such products less attractive to clients or cause a change in client demand and activity.

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

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we use a broad range of measures to protect our intellectual property rights, third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could have a material adverse effect on our business and our ability to compete.

We also may be subject to costly litigation in the event that another party alleges our operations or activities infringe upon or constitute misappropriation of such other party's intellectual property rights. Third parties may have, or may eventually be issued, patents or other protections that could be infringed by our products, methods, processes or services or could otherwise limit our ability to offer certain product features. Any party that holds such a patent could make a claim of infringement against us. We may also be subject to claims by third parties for breach of copyright, trademark, license usage rights, or misappropriation of trade secret rights. Any such claims and any resulting litigation could result in significant liability for damages. If we were found to have infringed or misappropriated a third-party patent or other intellectual property rights, we could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, or alternatively could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on our business, results of operations and financial condition.

Changes in and the adoption of accounting standards or inaccurate estimates or assumptions in applying accounting policies could have a material impact on our financial statements; changes in the regulation of independent registered public accounting firms are present with increasing frequency in connection with broader market reforms.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and results of operations and are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain. If those assumptions, estimates or judgments were incorrectly made, we could be required to correct and restate prior period financial statements.

We prepare our financial statements in accordance with U.S. generally accepted accounting principles. The Financial Accounting Standards Board, the SEC and other regulators often change the financial accounting and reporting standards governing the preparation of our financial statements. In addition, the conduct of our independent registered public accounting firm is overseen by the Public Company Accounting Oversight Board ("PCAOB"). These and other regulators may make additional inquiries regarding, or change their application of, existing laws and regulations regarding our independent auditor, financial statements or other financial reports and the possibility of such additional inquiries or changes is increasing in frequency in connection with broader market reforms. These changes are difficult to predict, and could impose additional governance, internal control and disclosure demands. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements. It is possible that the changes could have a material adverse effect on our financial condition and results of operations.

Risks Relating to Our Common Stock

The market price of our shares may fluctuate.

The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including: (i) changes in expectations concerning our future financial performance and the future performance of the financial services industry in general, including financial estimates and recommendations by securities analysts; (ii) differences between our actual financial and operating results and those expected by investors and analysts; (iii) our strategic moves and those of our competitors, such as acquisitions, divestitures or restructurings; (iv) changes in the regulatory framework of the financial services industry and regulatory action; (v) changes in and the adoption of accounting standards and securities and insurance rating agency

processes and standards applicable to our businesses and the financial services industry; and (vi) changes in general economic or market conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Provisions in our certificate of incorporation and bylaws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the market value of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions intended to deter coercive takeover practices and inadequate takeover bids by making them unacceptably expensive to the raider and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others: (i) elimination of the right of our shareholders to act by written consent; (ii) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings, either directly or through proxies; (iii) the right of our board of directors to issue preferred stock without shareholder approval; and (iv) limitations on the rights of shareholders to remove directors.

Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

We believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors time to assess any acquisition proposal. They are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our company and our shareholders.

The issuance of additional shares of our common stock or other equity securities may result in a dilution of interest or adversely affect the price of our common stock.

Our certificate of incorporation allows our directors to authorize the issuance of additional shares of our common stock, as well as other forms of equity or securities that may be converted into equity securities, without shareholder approval. We have in the past and may in the future issue additional equity or convertible securities in order to raise capital, in connection with acquisitions or for other purposes. Any such issuance may result in a significant dilution in the interests of our current shareholders and adversely impact the market price of our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate our business from two principal locations, both of which are located in Minneapolis, Minnesota: the Ameriprise Financial Center, an 848,000 square foot building that we lease, and our 871,000 square foot Client Service Center, that we own. Generally, we lease the premises we occupy in other locations, including the 38,000 square foot executive offices that we lease in New York City and branch offices for our employee advisors throughout the U.S.

Our principal leases are in the following locations:

- Columbia Threadneedle Investments leases offices in Boston containing approximately 156,000 square feet, leases approximately 66,000 square feet of a shared building in London (as well as a second location in Swindon, UK), approximately 39,000 square feet of a shared building in New York and also leases property in a number of other cities to support its global operations; and
- Las Vegas, Nevada (supporting aspects of our Advice & Wealth Management businesses) and Gurugram and Noida India (supporting our broader business in the U.S.).

We believe that the facilities owned or occupied by our company suit our needs and are well maintained.

Item 3. Legal Proceedings

For a discussion of material legal proceedings, see Note 26 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K, which is incorporated herein by reference.

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

Our common stock trades principally on The New York Stock Exchange under the trading symbol AMP. As of February 14, 2020, we had approximately 12,995 common shareholders of record. Information regarding our equity compensation plans can be found in Part III, Item 12 of this Annual Report on Form 10-K. Information comparing the cumulative total shareholder return on our common stock to the cumulative total return for certain indices is set forth under the heading "Performance Graph" provided in our 2019 Annual Report to Shareholders and is incorporated herein by reference.

We are primarily a holding company and, as a result, our ability to pay dividends in the future will depend on receiving dividends from our subsidiaries. For information regarding our ability to pay dividends, see the information set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" contained in Part II, Item 7 of this Annual Report on Form 10-K.

Share Repurchases

The following table presents the information with respect to purchases made by or on behalf of Ameriprise Financial, Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the fourth quarter of 2019:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as part of Publicly Announced Plans or Programs [1]	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1]
October 1 to October 31, 2019				
Share repurchase program [1]	951,034	$ 142.88	951,034	$ 1,535,204,608
Employee transactions [2]	41,957	$ 149.31	N/A	N/A
November 1 to November 30, 2019				
Share repurchase program [1]	1,234,531	$ 158.84	1,234,531	$ 1,339,113,846
Employee transactions [2]	122,464	$ 158.01	N/A	N/A
December 1 to December 31, 2019				
Share repurchase program [1]	1,381,230	$ 165.98	1,381,230	$ 1,109,851,297
Employee transactions [2]	59,878	$ 166.12	N/A	N/A
Totals				
Share repurchase program [1]	3,566,795	$ 157.35	3,566,795	
Employee transactions [2]	224,299	$ 158.55	N/A	
	3,791,094		3,566,795	

N/A Not applicable.

[1] In February 2019, our Board of Directors authorized a repurchase up to $2.5 billion of our common stock through March 31, 2021. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means.

[2] Includes restricted shares withheld pursuant to the terms of awards under the Company's share-based compensation plans to offset tax withholding obligations that occur upon vesting and release of restricted shares. The value of the restricted shares withheld is the closing price of common stock of Ameriprise Financial, Inc. on the date the relevant transaction occurs. Also includes shares withheld pursuant to the net settlement of Non-Qualified Stock Option ("NQSO") exercises to offset tax withholding obligations that occur upon exercise and to cover the strike price of the NQSO. The value of the shares withheld pursuant to the net settlement of NQSO exercises is the closing price of common stock of Ameriprise Financial, Inc. on the day prior to the date the relevant transaction occurs.

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial information derived from our Consolidated Financial Statements as of December 31, 2019, 2018, 2017, 2016 and 2015 and for the five-year period ended December 31, 2019. The selected financial data presented below should be read in conjunction with our Consolidated Financial Statements and Notes included elsewhere in this report and "Management's Discussion and Analysis of Financial Condition and Results of Operations." On January 1, 2018, we retrospectively applied the new accounting standard for revenue recognition to each reporting period presented in the financial statements. The selected consolidated financial information as of and for the year ended December 31, 2015 has not been revised.

	Years Ended December 31,				
	2019	2018	2017	2016	2015
	(in millions, except per share data)				
Income Statement Data:					
Total net revenues	$ 12,967	$ 12,835	$ 12,132	$ 11,800	$ 12,170
Total expenses	10,735	10,351	9,918	10,209	10,028
Net income	$ 1,893	$ 2,098	$ 1,480	$ 1,313	$ 1,687
Less: Net income attributable to noncontrolling interests	—	—	—	—	125
Net income attributable to Ameriprise Financial	$ 1,893	$ 2,098	$ 1,480	$ 1,313	$ 1,562
Earnings Per Share Attributable to Ameriprise Financial, Inc. Common Shareholders:					
Basic	$ 14.12	$ 14.41	$ 9.60	$ 7.90	$ 8.60
Diluted	13.92	14.20	9.44	7.81	8.48
Cash Dividends Declared Per Common Share	$ 3.81	$ 3.53	$ 3.24	$ 2.92	$ 2.59

	December 31,				
	2019	2018	2017	2016	2015
	(in millions)				
Balance Sheet Data:					
Investments [1]	$ 37,915	$ 35,825	$ 35,925	$ 35,834	$ 34,144
Separate account assets	87,488	77,925	87,368	80,210	80,349
Total assets	151,828	137,216	147,480	139,831	145,339
Policyholder account balances, future policy benefits and claims	30,512	30,124	29,904	30,202	29,699
Separate account liabilities	87,488	77,925	87,368	80,210	80,349
Customer deposits	14,430	11,545	10,303	10,036	8,634
Long-term debt [1]	3,097	2,867	2,891	2,917	2,692
Short-term borrowings	201	201	200	200	200
Total liabilities	146,099	131,628	141,485	133,542	136,960
Total Ameriprise Financial, Inc. shareholders' equity	5,729	5,588	5,995	6,289	7,191
Noncontrolling interests' equity	—	—	—	—	1,188

[1] Represents amounts before consolidated investment entities, as reported on our Consolidated Balance Sheets.

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

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with the "Forward-Looking Statements," our Consolidated Financial Statements and Notes that follow and the "Consolidated Five-Year Summary of Selected Financial Data" and the "Risk Factors" included in our Annual Report on Form 10-K. References to "Ameriprise Financial," "Ameriprise," the "Company," "we," "us," and "our" refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries.

Overview

Ameriprise is a diversified financial services company with a 125-year history of providing financial solutions. We are a long-standing leader in financial planning and advice with $973 billion in assets under management and administration as of December 31, 2019. We offer a broad range of products and services designed to achieve individual and institutional clients' financial objectives. For additional discussion of our businesses, see Part I, Item 1 of this Annual Report on Form 10-K.

The products and services we provide retail clients and, to a lesser extent, institutional clients, are the primary source of our revenues and net income. Revenues and net income are significantly affected by investment performance and the total value and composition of assets we manage and administer for our retail and institutional clients as well as the distribution fees we receive from other companies. These factors, in turn, are largely determined by overall investment market performance and the depth and breadth of our individual client relationships.

Financial markets and macroeconomic conditions have had and will continue to have a significant impact on our operating and performance results. In addition, the business, political and regulatory environments in which we operate are subject to elevated uncertainty and substantial, frequent change. Accordingly, we expect to continue focusing on our key strategic objectives and obtaining operational and strategic leverage from our core capabilities. The success of these and other strategies may be affected by the factors discussed in Item 1A of this Annual Report on Form 10-K - "Risk Factors" - and other factors as discussed herein.

Equity price, credit market and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the "spread" income generated on our fixed deferred annuities, fixed insurance, deposit products and the fixed portion of variable annuities and variable insurance contracts, the value of deferred acquisition costs ("DAC") and deferred sales inducement costs ("DSIC") assets, the values of liabilities for guaranteed benefits associated with our variable annuities and the values of derivatives held to hedge these benefits.

Earnings, as well as adjusted operating earnings, will be negatively impacted by the ongoing low interest rate environment should it continue. In addition to continuing spread compression in our interest sensitive product lines, a sustained low interest rate environment may result in increases to our reserves and changes in various rate assumptions we use to amortize DAC and DSIC, which may negatively impact our adjusted operating earnings. For additional discussion on our interest rate risk, see Item 7A. "Quantitative and Qualitative Disclosures About Market Risk."

In the third quarter, we update our market-related assumptions and implement model changes related to our living benefit valuation. In addition, we conduct our annual review of life insurance and annuity valuation assumptions relative to current experience and management expectations including modeling changes. These aforementioned changes are collectively referred to as unlocking. We also review our active life future policy benefit reserve adequacy for our long term care ("LTC") business in the third quarter. See our Consolidated and Segment Results of Operations sections for the pretax impacts on our revenues and expenses attributable to unlocking and LTC loss recognition.

On October 1, 2019, we completed the sale of our Ameriprise Auto & Home Insurance business ("AAH") to American Family Insurance Mutual Holding Company (American Family Insurance). See Note 19 to our Consolidated Financial Statements for additional information on the sale of AAH. This sale is consistent with our focus on our core growth areas of Advice & Wealth Management and Asset Management.

In 2018, we made the strategic decision to expand the banking products and services we can provide directly to our clients, and commenced the process to convert Ameriprise National Trust Bank into a federal savings bank with the capabilities to offer FDIC insured deposits and a range of lending products. We completed that process, received regulatory approvals and converted Ameriprise National Trust Bank to a federal savings bank in May 2019.

We consolidate certain variable interest entities for which we provide asset management services. These entities are defined as consolidated investment entities ("CIEs"). While the consolidation of the CIEs impacts our balance sheet and income statement, our exposure to these entities is unchanged and there is no impact to the underlying business results. For further information on CIEs, see Note 5 to our Consolidated Financial Statements. The results of operations of the CIEs are reflected in the Corporate & Other segment. On a consolidated basis, the management fees we earn for the services we provide to the CIEs and the related general and administrative expenses are eliminated and the changes in the fair value of assets and liabilities related to the CIEs, primarily syndicated loans and debt, are reflected in net investment income. We include the fees from these entities in the management and financial advice fees line within our Asset Management segment.

While our Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), management believes that adjusted operating measures, which exclude net realized investment gains or losses, net of the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on variable

annuity guaranteed benefits, net of hedges and the related DSIC and DAC amortization; the market impact on indexed universal life ("IUL") benefits, net of hedges and the related DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; mean reversion related impacts; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; gain or loss on disposal of a business that is not considered discontinued operations; integration and restructuring charges; income (loss) from discontinued operations; and the impact of consolidating CIEs, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. Management uses these non-GAAP measures to evaluate our financial performance on a basis comparable to that used by some securities analysts and investors. Also, certain of these non-GAAP measures are taken into consideration, to varying degrees, for purposes of business planning and analysis and for certain compensation-related matters. Throughout our Management's Discussion and Analysis, these non-GAAP measures are referred to as adjusted operating measures. These non-GAAP measures should not be viewed as a substitute for U.S. GAAP measures. Effective first quarter of 2019, management has excluded mean reversion related impacts from our adjusted operating measures. Prior periods have been updated to reflect this change to be consistent with the current period presentation. The mean reversion related impact is defined as the impact on variable annuity and variable universal life ("VUL") products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves. The updated separate account investment performance includes actual investment performance in the current period and the impact of changes in financial market conditions on the assumptions for future investment performance.

It is management's priority to increase shareholder value over a multi-year horizon by achieving our on-average, over-time financial targets.

Our financial targets are:

- Adjusted operating earnings per diluted share growth of 12% to 15%, and
- Adjusted operating return on equity excluding accumulated other comprehensive income ("AOCI") of over 30%.

The following tables reconcile our GAAP measures to adjusted operating measures:

	Years Ended December 31,		Per Diluted Share Years Ended December 31,	
	2019	2018	2019	2018
	(in millions, except per share amounts)			
Net income	$ 1,893	$ 2,098	$ 13.92	$ 14.20
Less: Net income (loss) attributable to CIEs	1	(1)	0.01	(0.01)
Add: Integration/restructuring charges [1]	17	19	0.12	0.13
Add: Market impact on variable annuity guaranteed benefits [1]	579	31	4.26	0.21
Add: Market impact on fixed index annuity benefits [1]	—	(1)	—	(0.01)
Add: Market impact on IUL benefits [1]	12	17	0.09	0.12
Add: Mean reversion related impacts [1]	(57)	33	(0.42)	0.23
Add: Market impact of hedges on investments [1]	35	(11)	0.26	(0.08)
Less: Gain on disposal of business [1]	213	—	1.57	—
Less: Net realized investment gains (losses) [1]	(4)	9	(0.03)	0.06
Tax effect of adjustments [2]	(79)	(17)	(0.58)	(0.12)
Adjusted operating earnings	$ 2,190	$ 2,161	$ 16.10	$ 14.63
Weighted average common shares outstanding:				
Basic	134.1	145.6		
Diluted	136.0	147.7		

[1] Pretax adjusted operating adjustments.
[2] Calculated using the statutory tax rate of 21%.

The following table reconciles net income to adjusted operating earnings and the five-point average of quarter-end equity to adjusted operating equity:

	Years Ended December 31,	
	2019	2018
	(in millions)	
Net income	$ 1,893	$ 2,098
Less: Adjustments [1]	(297)	(63)
Adjusted operating earnings	$ 2,190	$ 2,161
Total Ameriprise Financial, Inc. shareholders' equity	$ 5,837	$ 5,735
Less: AOCI, net of tax	122	(98)
Total Ameriprise Financial, Inc. shareholders' equity, excluding AOCI	5,715	5,833
Less: Equity impacts attributable to CIEs	1	1
Adjusted operating equity	$ 5,714	$ 5,832
Return on equity, excluding AOCI	33.1%	36.0%
Adjusted operating return on equity, excluding AOCI [2]	38.3%	37.1%

(1) Adjustments reflect the sum of after-tax net realized investment gains/losses, net of DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on variable annuity guaranteed benefits, net of hedges and related DSIC and DAC amortization; the market impact on IUL benefits, net of hedges and the related DAC amortization, unearned revenue amortization, and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; mean reversion related impacts; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; gain or loss on disposal of a business that is not considered discontinued operations; integration and restructuring charges; income (loss) from discontinued operations; and net income (loss) from consolidated investment entities. After-tax is calculated using the statutory tax rate of 21%.

(2) Adjusted operating return on equity, excluding AOCI is calculated using adjusted operating earnings in the numerator and Ameriprise Financial shareholders' equity, excluding AOCI and the impact of consolidating investment entities using a five-point average of quarter-end equity in the denominator. After-tax is calculated using the statutory rate of 21%.

Critical Accounting Estimates

The accounting and reporting policies that we use affect our Consolidated Financial Statements. Certain of our accounting and reporting policies are critical to an understanding of our consolidated results of operations and financial condition and, in some cases, the application of these policies can be significantly affected by the estimates, judgments and assumptions made by management during the preparation of our Consolidated Financial Statements. The accounting and reporting policies and estimates we have identified as fundamental to a full understanding of our consolidated results of operations and financial condition are described below. See Note 2 to our Consolidated Financial Statements for further information about our accounting policies.

Valuation of Investments

The most significant component of our investments is our Available-for-Sale securities, which we carry at fair value within our Consolidated Balance Sheets. See Note 15 to our Consolidated Financial Statements for discussion of the fair value of our Available-for-Sale securities. 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 and increases the use of judgment in determining the estimated fair value of certain investments.

Deferred Acquisition Costs

See Note 2 to our Consolidated Financial Statements for discussion of our DAC accounting policy.

Non-Traditional Long-Duration Products

For our non-traditional long-duration products (including variable and fixed deferred annuity contracts, universal life ("UL") and VUL insurance products), our DAC balance at any reporting date is based on projections that show management expects there to be estimated gross profits ("EGPs") after that date to amortize the remaining balance. These projections are inherently uncertain because they require management to make assumptions about financial markets, mortality levels and contractholder and policyholder behavior over periods extending well into the future. Projection periods used for our annuity products are typically 30 to 50 years and for our UL insurance products 50 years or longer.

EGPs vary based on persistency rates (assumptions at which contractholders and policyholders are expected to surrender, make withdrawals from and make deposits to their contracts), mortality levels, client asset value growth rates (based on equity and bond market performance), variable annuity benefit utilization and interest margins (the spread between earned rates on invested assets and rates credited to contractholder and policyholder accounts). Changes in these assumptions can be offsetting and we are unable to predict their movement or offsetting impact over time. When assumptions are changed, the percentage of EGPs used to amortize DAC might also change. A change in the required amortization percentage is applied retrospectively; an increase in amortization percentage

will result in a decrease in the DAC balance and an increase in DAC amortization expense, while a decrease in amortization percentage will result in an increase in the DAC balance and a decrease in DAC amortization expense. The effect on the DAC balance that would result from the realization of unrealized gains (losses) on securities is recognized with an offset to accumulated other comprehensive income on the consolidated balance sheet.

The client asset value growth rates are the rates at which variable annuity and VUL insurance contract values invested in separate accounts are assumed to appreciate in the future. The rates used vary by equity and fixed income investments. The long-term client asset value growth rates are based on assumed gross annual returns of 9% for equity funds and 6.9% for fixed income funds. We typically use a five-year mean reversion process as a guideline in setting near-term equity fund growth rates based on a long-term view of financial market performance as well as recent actual performance. The suggested near-term equity fund growth rate is reviewed quarterly to ensure consistency with management's assessment of anticipated equity market performance.

A decrease of 100 basis points in separate account fund growth rate assumptions is likely to result in an increase in DAC amortization and an increase in benefits and claims expense for variable annuity and VUL insurance contracts. The following table presents the estimated impact to current period pretax income:

	Estimated Impact to Pretax Income [1]		
	DAC Amortization	Benefits and Claims Expense	Total
	(in millions)		
Decrease in future near- and long-term fixed income fund growth returns by 100 basis points	$ (28)	$ (79)	$ (107)
Decrease in future near-term equity fund growth returns by 100 basis points	$ (26)	$ (52)	$ (78)
Decrease in future long-term equity fund growth returns by 100 basis points	(18)	(36)	(54)
Decrease in future near- and long-term equity fund growth returns by 100 basis points	$ (44)	$ (88)	$ (132)

[1] An increase in the above assumptions by 100 basis points would result in an increase to pretax income for approximately the same amount.

An assessment of sensitivity associated with changes in any single assumption would not necessarily be an indicator of future results.

Traditional Long-Duration Products

For our traditional long-duration products (including traditional life and disability income ("DI") insurance products), our DAC balance at any reporting date is based on projections that show management expects there to be adequate premiums after the date to amortize the remaining balance. These projections are inherently uncertain because they require management to make assumptions over periods extending well into the future. These assumptions include interest rates, persistency rates and mortality and morbidity rates and are not modified (unlocked) unless recoverability testing determines that reserves are inadequate. Projection periods used for our traditional life insurance are up to 30 years. Projection periods for our DI products are up to 45 years. We may experience accelerated amortization of DAC if policies terminate earlier than projected or a slower rate of amortization of DAC if policies persist longer than projected.

For traditional life and DI insurance products, the assumptions provide for adverse deviations in experience and are revised only if management concludes experience will be so adverse that DAC are not recoverable. If management concludes that DAC are not recoverable, DAC are reduced to the amount that is recoverable based on best estimate assumptions.

Future Policy Benefits and Claims

We establish reserves to cover the risks associated with non-traditional and traditional long-duration products. Non-traditional long-duration products include variable annuity contracts, fixed annuity contracts and UL and VUL policies. Traditional long-duration products include term life, whole life, DI and LTC insurance products.

Guarantees accounted for as insurance liabilities include GMDB, GGU, GMIB and the life contingent benefits associated with GMWB. In addition, UL and VUL policies with product features that result in profits followed by losses are accounted for as insurance liabilities.

Guarantees accounted for as embedded derivatives include GMAB and the non-life contingent benefits associated with GMWB. In addition, the portion of indexed annuities and IUL policies allocated to the indexed account is accounted for as an embedded derivative.

The establishment of reserves is an estimation process using a variety of methods, assumptions and data elements. If actual experience is better than or equal to the results of the estimation process, then reserves should be adequate to provide for future benefits and expenses. If actual experience is worse than the results of the estimation process, additional reserves may be required.

Non-Traditional Long-Duration Products, including Embedded Derivatives

UL and VUL

A portion of our UL and VUL policies have product features that result in profits followed by losses from the insurance component of the contract. These profits followed by losses can be generated by the cost structure of the product or secondary guarantees in the contract. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to

provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges. The liability for these future losses is determined using actuarial models to estimate the death benefits in excess of account value and the expected assessments (e.g. cost of insurance charges, contractual administrative charges, similar fees and investment margin). Significant assumptions made in projecting future benefits and assessments relate to client asset value growth rates, mortality, persistency and investment margins and are consistent with those used for DAC valuation for the same contracts. See Note 12 to our Consolidated Financial Statements for information regarding the liability for contracts with secondary guarantees.

Variable Annuities

We have approximately $80 billion of variable annuity account value that has been issued over a period of more than fifty years. The diversified variable annuity block consists of $29 billion of account value with no living benefit guarantees and $51 billion of account value with living benefit guarantees, primarily guaranteed minimum withdrawal benefit ("GMWB") provisions. The business is predominately issued through the *Ameriprise Financial*® advisor network. The majority of the variable annuity contracts offered by us contain GMDB provisions. We also offer variable annuities with death benefit provisions that gross up the amount payable by a certain percentage of contract earnings which are referred to as gain gross-up ("GGU") benefits. In addition, we offer contracts with GMWB and guaranteed minimum accumulation benefit ("GMAB") provisions and, until May 2007, we offered contracts containing guaranteed minimum income benefit ("GMIB") provisions. See Note 12 to our Consolidated Financial Statements for further discussion of our variable annuity contracts.

In determining the liabilities for GMDB, GGU, GMIB and the life contingent benefits associated with GMWB, we project these benefits and contract assessments using actuarial models to simulate various equity market scenarios. Significant assumptions made in projecting future benefits and assessments relate to customer asset value growth rates, mortality, persistency, benefit utilization and investment margins and are consistent with those used for DAC valuation for the same contracts. As with DAC, management reviews, and where appropriate, adjusts its assumptions each quarter. Unless management identifies a material deviation over the course of quarterly monitoring, management reviews and updates these assumptions annually in the third quarter of each year.

Regarding the exposure to variable annuity living benefit guarantees, the source of behavioral risk is driven by changes in policyholder surrenders and utilization of guaranteed withdrawal benefits. We have extensive experience studies and analysis to monitor changes and trends in policyholder behavior. A significant volume of company-specific policyholder experience data is available and provides management with the ability to regularly analyze policyholder behavior. On a monthly basis, actual surrender and benefit utilization experience is compared to expectations. Experience data includes detailed policy information providing the opportunity to review impacts of multiple variables. The ability to analyze differences in experience, such as presence of a living benefit rider, existence of surrender charges, and tax qualifications provide us an effective approach in quickly detecting changes in policyholder behavior.

At least annually, we perform a thorough policyholder behavior analysis to validate the assumptions included in our benefit reserve, embedded derivative and DAC balances. The variable annuity assumptions and resulting reserve computations reflect multiple policyholder variables. Differentiation in assumptions by policyholder age, existence of surrender charges, guaranteed withdrawal utilization, and tax qualification are examples of factors recognized in establishing management's assumptions used in reserve calculations. The extensive data derived from our variable annuity block informs management in confirming previous assumptions and revising the variable annuity behavior assumptions. Changes in assumptions are governed by a review and approval process to ensure an appropriate measurement of all impacted financial statement balances.

See the table in the previous discussion of "Deferred Acquisition Costs" for the estimated impact to benefits and claims expense related to variable annuity and VUL insurance contracts resulting from a decrease of 100 basis points in separate account fund growth rate assumptions.

Embedded Derivatives

The fair value of embedded derivatives related to GMAB and the non-life contingent benefits associated with GMWB provisions fluctuate based on equity, interest rate and credit markets which can cause these embedded derivatives to be either an asset or a liability. The fair value of embedded derivatives related to indexed annuities and IUL fluctuate based on equity markets and interest rates and is a liability. In addition, embedded derivatives are impacted by an estimate of our nonperformance risk adjustment. This estimate includes a spread over the LIBOR swap curve as of the balance sheet date. As our estimate of this spread over LIBOR widens or tightens, the liability will decrease or increase.

Additionally, our Corporate Actuarial Department calculates the fair value of the embedded derivatives on a monthly basis. During this process, control checks are performed to validate the completeness of the data. Actuarial management approves various components of the valuation along with the final results. The change in the fair value of the embedded derivatives is reviewed monthly with senior management.

See Note 15 to our Consolidated Financial Statements for information regarding the fair value measurement of embedded derivatives.

Traditional Long-Duration Products

Liabilities for unpaid amounts on reported DI and LTC claims include any periodic or other benefit amounts due and accrued, along with estimates of the present value of obligations for continuing benefit payments. These unpaid amounts are calculated using anticipated claim continuance rates based on established industry tables, adjusted as appropriate for our experience. The discount rates used to calculate present values are based on average interest rates earned on assets supporting the liability for unpaid amounts.

Liabilities for estimates of benefits that will become payable on future claims on term life, whole life and DI policies are based on the net level premium and LTC policies are based on a gross premium valuation reflecting management's current best estimate assumptions. Net level premium includes anticipated premium payments, mortality and morbidity rates, policy persistency and interest rates earned on assets supporting the liability. Gross premium valuation includes expected premium rate increases, benefit reductions, morbidity rates, policy persistency and interest rates earned on assets supporting the liability. Anticipated mortality and morbidity rates are based on established industry mortality and morbidity tables, with modifications based on our experience. Anticipated premium payments and persistency rates vary by policy form, issue age, policy duration and certain other pricing factors.

Derivative Instruments and Hedging Activities

We use derivative instruments to manage our exposure to various market risks. All derivatives are recorded at fair value. The fair value of our derivative instruments is determined using either market quotes or valuation models that are based upon the net present value of estimated future cash flows and incorporate current market observable inputs to the extent available.

For further details on the types of derivatives we use and how we account for them, see Note 2, Note 15 and Note 17 to our Consolidated Financial Statements. For discussion of our market risk exposures and hedging program and related sensitivity testing, see Item 7A. "Quantitative and Qualitative Disclosures About Market Risk."

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements and their expected impact on our future consolidated results of operations and financial condition, see Note 3 to our Consolidated Financial Statements.

Sources of Revenues and Expenses

Management and Financial Advice Fees

Management and financial advice fees relate primarily to fees earned from managing mutual funds, private funds, separate account and wrap account assets and institutional investments, as well as fees earned from providing financial advice, administrative services (including transfer agent and administration fees earned from providing services to retail mutual funds) and other custodial services. Management and financial advice fees include performance-based incentive management fees, which we may receive on certain management contracts. Management and financial advice fees also include mortality and expense risk fees.

Distribution Fees

Distribution fees primarily include point-of-sale fees (such as mutual fund front-end sales loads) and asset-based fees (such as 12b-1 distribution and shareholder service fees). Distribution fees also include amounts received under marketing support arrangements for sales of mutual funds and other companies' products, such as through our wrap accounts, as well as surrender charges on annuities and UL and VUL insurance.

Net Investment Income

Net investment income primarily includes interest income on fixed maturity securities classified as Available-for-Sale, mortgage loans, policy loans, margin loans, other investments, cash and cash equivalents and investments of consolidated investment entities ("CIEs"); the changes in fair value of trading securities, certain derivatives and certain assets and liabilities of CIEs; the pro rata share of net income or loss on equity method investments; and realized gains and losses on the sale of investments and charges for other-than-temporary impairments of investments related to credit losses.

Premiums

Premiums include premiums on auto and home insurance, traditional life, DI and LTC insurance and immediate annuities with a life contingent feature and are net of reinsurance premiums. We sold AAH on October 1, 2019.

Other Revenues

Other revenues primarily include variable annuity guaranteed benefit rider charges and UL and VUL insurance charges, which consist of cost of insurance charges (net of reinsurance premiums and cost of reinsurance for UL insurance products) and administrative charges.

For discussion of our accounting policies on revenue recognition, see Note 2 to our Consolidated Financial Statements.

Banking and Deposit Interest Expense

Banking and deposit interest expense primarily includes interest expense related to investment certificates and banking deposits. The changes in fair value of stock market certificate embedded derivatives and the derivatives hedging stock market certificates are included within banking and deposit interest expense.

Distribution Expenses

Distribution expenses primarily include compensation paid to our financial advisors, registered representatives, third-party distributors and wholesalers. The portion of these costs which are incremental and direct to the acquisition of a new or renewal insurance policy or annuity contract issued by the RiverSource Life companies are deferred. The amounts capitalized and amortized are based on actual distribution costs. The majority of these costs, such as advisor and wholesaler compensation, vary directly with the level of sales. Distribution expenses also include marketing support and other distribution and administration related payments made to affiliated and unaffiliated distributors of products provided by our affiliates. The majority of these expenses vary with the level of sales, or assets held, by these distributors, and the remainder is fixed. Distribution expenses also include wholesaling costs.

Interest Credited to Fixed Accounts

Interest credited to fixed accounts represents amounts earned by contractholders and policyholders on fixed account values associated with UL and VUL insurance and annuity contracts. The changes in fair value of indexed annuity and IUL embedded derivatives and the derivatives hedging these products are also included within interest credited to fixed accounts.

Benefits, Claims, Losses and Settlement Expenses

Benefits, claims, losses and settlement expenses consist of amounts paid and changes in liabilities held for anticipated future benefit payments under insurance policies and annuity contracts, along with costs to process and pay such amounts. Amounts are net of benefit payments recovered or expected to be recovered under reinsurance contracts. Benefits under variable annuity guarantees include the changes in fair value of GMWB and GMAB embedded derivatives and the derivatives hedging these benefits, as well as the changes in fair value of derivatives hedging GMDB provisions. Benefits, claims, losses and settlement expenses also include amortization of DSIC.

Amortization of DAC

Direct sales commissions and other costs capitalized as DAC are amortized over time. For annuity and UL/VUL contracts, DAC are amortized based on projections of EGPs over amortization periods equal to the approximate life of the business. For other insurance products, DAC are generally amortized as a percentage of premiums over amortization periods equal to the premium-paying period.

Interest and Debt Expense

Interest and debt expense primarily includes interest on corporate debt and CIE debt, the impact of interest rate hedging activities and amortization of debt issuance costs.

General and Administrative Expense

General and administrative expense includes compensation, share-based awards and other benefits for employees (other than employees directly related to distribution, such as financial advisors), professional and consultant fees, information technology, facilities and equipment, advertising and promotion, legal and regulatory and corporate related expenses.

Assets Under Management and Administration

Assets under management ("AUM") include external client assets for which we provide investment management services, such as the assets of the Columbia Threadneedle Investments funds, institutional clients and clients in our advisor platform held in wrap accounts as well as assets managed by sub-advisors selected by us. AUM also includes certain assets on our Consolidated Balance Sheets for which we provide investment management services and recognize management fees in our Asset Management segment, such as the assets of the general account and the variable product funds held in the separate accounts of our life insurance subsidiaries and CIEs. These assets do not include assets under advisement, for which we provide advisory services such as model portfolios but do not have full discretionary investment authority.

Assets under administration ("AUA") include assets for which we provide administrative services such as client assets invested in other companies' products that we offer outside of our wrap accounts. These assets include those held in clients' brokerage accounts. We generally record revenues received from administered assets as distribution fees. We do not exercise management discretion over these assets and do not earn a management fee. These assets are not reported on our Consolidated Balance Sheets. AUA also includes certain assets on our Consolidated Balance Sheets for which we do not provide investment management services and do not recognize management fees, such as investments in non-affiliated funds held in the separate accounts of our life insurance subsidiaries. These assets do not include assets under advisement, for which we provide advisory services such as model portfolios but do not have full discretionary investment authority.

The following table presents detail regarding our AUM and AUA:

	December 31,			
	2019	2018	Change	
	(in billions)			
Assets Under Management and Administration				
Advice & Wealth Management AUM	$ 315.2	$ 249.9	$ 65.3	26 %
Asset Management AUM	494.2	430.7	63.5	15
Eliminations	(31.3)	(26.4)	(4.9)	(19)
Total Assets Under Management	778.1	654.2	123.9	19
Total Assets Under Administration	195.3	168.5	26.8	16
Total AUM and AUA	$ 973.4	$ 822.7	$ 150.7	18 %

Total AUM increased $123.9 billion, or 19%, to $778.1 billion as of December 31, 2019 compared to $654.2 billion as of December 31, 2018 due to a $65.3 billion increase in Advice & Wealth Management AUM driven by market appreciation and wrap account net inflows and a $63.5 billion increase in Asset Management AUM driven by market appreciation, partially offset by net outflows and retail fund distributions. See our segment results of operations discussion for additional information on changes in our AUM.

Consolidated Results of Operations

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

The following table presents our consolidated results of operations:

	Years Ended December 31,			
	2019	2018	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 7,015	$ 6,776	$ 239	4 %
Distribution fees	1,919	1,877	42	2
Net investment income	1,463	1,596	(133)	(8)
Premiums	1,214	1,426	(212)	(15)
Other revenues	1,279	1,249	30	2
Gain on disposal of business	213	—	213	NM
Total revenues	13,103	12,924	179	1
Banking and deposit interest expense	136	89	47	53
Total net revenues	12,967	12,835	132	1
Expenses				
Distribution expenses	3,810	3,637	173	5
Interest credited to fixed accounts	669	674	(5)	(1)
Benefits, claims, losses and settlement expenses	2,576	2,302	274	12
Amortization of deferred acquisition costs	179	322	(143)	(44)
Interest and debt expense	214	245	(31)	(13)
General and administrative expense	3,287	3,171	116	4
Total expenses	10,735	10,351	384	4
Pretax income	2,232	2,484	(252)	(10)
Income tax provision	339	386	(47)	(12)
Net income	$ 1,893	$ 2,098	$ (205)	(10)%

NM Not Meaningful.

Overall

Pretax income decreased $252 million, or 10%, to $2.2 billion for the year ended December 31, 2019 compared to $2.5 billion for the prior year. The following impacts were significant drivers of the year-over-year change in pretax income:

- The market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization) was an expense of $579 million for the year ended December 31, 2019 compared to an expense of $31 million for the prior year.
- The market impact of hedges on investments was an expense of $35 million for the year ended December 31, 2019 compared to a benefit of $11 million for the prior year.
- A $49 million unfavorable change in the mark-to-market impact on share-based compensation expenses.
- Higher mark-to-market impact on advisor deferred compensation expense and investments in recruiting experienced advisors.
- An increase in general and administrative expenses for our Advice & Wealth Management segment related to investments in business growth.
- An increase in impairments of our investment in affordable housing partnerships, which was $35 million for the year ended December 31, 2019 compared to $7 million for the prior year.
- The cumulative impact of asset management net outflows, partially offset by wrap account net inflows.
- A gain of $213 million recognized on the sale of AAH on October 1, 2019.
- A positive impact from higher average equity markets and higher average short-term interest rates.
- The mean reversion related impact was a benefit of $57 million for the year ended December 31, 2019 compared to an expense of $33 million for the prior year.
- The unfavorable impact of unlocking and LTC loss recognition was $16 million for the year ended December 31, 2019 compared to $53 million for the prior year.

The following table presents the total pretax impacts on our revenues and expenses attributable to unlocking and LTC loss recognition for the years ended December 31:

Pretax Increase (Decrease)	2019	2018
	(in millions)	
Other revenues	$ 5	$ 78
Total revenues	5	78
Benefits, claims, losses and settlement expenses:		
LTC unlocking and loss recognition	8	52
Unlocking impact, excluding LTC	(1)	112
Total benefits, claims, losses and settlement expenses	7	164
Amortization of DAC	14	(33)
Total expenses	21	131
Pretax income [1]	$ (16)	$ (53)

[1] Includes a $4 million and $5 million net benefit related to the market impact on variable annuity guaranteed benefits for the years ended December 31, 2019 and 2018, respectively, which is excluded from adjusted operating earnings. Refer to Results of Operations by Segment for the impact to pretax adjusted operating earnings attributable to unlocking and LTC loss recognition.

The unfavorable unlocking impact in 2019 primarily reflected the impact from updates to our interest rate assumptions and lower surrenders on annuity contracts with a withdrawal benefit partially offset by a benefit from changes in equity market volatility and correlation assumptions on variable annuities. The unfavorable unlocking impact in the prior year primarily reflected unfavorable mortality experience on universal life ("UL") and VUL insurance products and lower surrender rate assumptions on variable annuities partially offset by the impact from updates to assumptions on utilization of guaranteed withdrawal benefits.

The unfavorable LTC unlocking and loss recognition in 2019 was primarily due to the impact from updates to our interest rates assumptions and changes in morbidity experience partially offset by higher approved and expected premium rate increases and benefit reductions. The unfavorable LTC unlocking and loss recognition in the prior year was primarily due to changes in morbidity experience partially offset by approved, pending and future expected premium rate increases.

The unfavorable impact of updates to our interest rate assumptions noted above for unlocking and LTC loss recognition was $118 million. Based on the significant recent interest rate dislocation, we extended the grading period one year to reach our ultimate 10-year treasury rate of 5% by assuming rates remain flat for six months and then grade to our long-term rate over the next three years.

Net Revenues

Net revenues increased $132 million, or 1%, to $13.0 billion for the year ended December 31, 2019 compared to $12.8 billion for the prior year.

Management and financial advice fees increased $239 million, or 4%, to $7.0 billion for the year ended December 31, 2019 compared to $6.8 billion for the prior year primarily due to higher average equity markets, wrap account net inflows and a $57 million increase in performance fees, partially offset by asset management net outflows and a $27 million negative foreign currency translation impact.

Distribution fees increased $42 million, or 2%, to $1.9 billion for the year ended December 31, 2019 compared to the prior year reflecting higher average equity markets and higher earnings on brokerage cash due to an increase in average short-term interest rates, partially offset by asset management net outflows.

Net investment income decreased $133 million, or 8%, to $1.5 billion for the year ended December 31, 2019 compared to $1.6 billion for the prior year primarily due to the following impacts:

- A $46 million unfavorable change in the market impact of hedges on investments.
- A $43 million decrease in net investment income of CIEs.
- Net realized investment losses of $3 million for the year ended December 31, 2019 compared to net realized investment gains of $10 million for the prior year.
- Impairments of our investment in affordable housing partnerships of $35 million for the year ended December 31, 2019 compared to $7 million for the prior year.
- The unfavorable impact of fixed annuity net outflows and the fixed annuities reinsurance transaction.
- The favorable impact of higher average invested assets related to the bank and certificates and higher average investment yields related to certificates.

Premiums decreased $212 million, or 15%, to $1.2 billion for the year ended December 31, 2019 compared to $1.4 billion for the prior year primarily reflecting the sale of AAH. Premiums for the year ended December 31, 2019 included $827 million from Auto and Home for the nine months prior to sale on October 1, 2019 compared to $1.0 billion for the prior year.

Other revenues increased $30 million, or 2%, to $1.3 billion for the year ended December 31, 2019 compared to $1.2 billion for the prior year primarily due to accretion on our fixed annuities reinsurance deposit receivable, an increase in variable annuity guaranteed benefit rider charges, a $7 million gain on the sale of real estate in the third quarter of 2019 and a $7 million expense in the prior year related to a modification of costs within a reinsurance contract, partially offset by the impact of unlocking. Other revenues for 2019 included a $5 million favorable impact from unlocking compared to a $78 million favorable impact in the prior year. The unlocking impact for 2019 reflected updates to our interest rate assumptions. The primary driver of the unlocking impact for the prior year was higher projected gains on reinsurance contracts resulting from unfavorable mortality experience on UL and VUL insurance products.

Gain on disposal of business of $213 million for the year ended December 31, 2019 was recognized on the sale of AAH, net of an affinity partner payment of $100 million.

Banking and deposit interest expense increased $47 million, or 53%, to $136 million for the year ended December 31, 2019 compared to $89 million for the prior year due to interest expense on banking deposits, higher average certificate balances and higher average crediting rates on certificates.

Expenses

Total expenses increased $384 million, or 4%, to $10.7 billion for the year ended December 31, 2019 compared to $10.4 billion for the prior year.

Distribution expenses increased $173 million, or 5%, to $3.8 billion for the year ended December 31, 2019 compared to $3.6 billion for the prior year reflecting higher advisor compensation due to wrap account net inflows, higher average markets, higher mark-to-market impact on advisor deferred compensation expense and investments in recruiting experienced advisors, partially offset by the impact of asset management net outflows.

Benefits, claims, losses and settlement expenses increased $274 million, or 12%, to $2.6 billion for the year ended December 31, 2019 compared to $2.3 billion for the prior year primarily reflecting the following items:

- A $425 million increase in expense from the unhedged nonperformance credit spread risk adjustment on variable annuity guaranteed benefits. The unfavorable impact of the nonperformance credit spread was $175 million for the year ended December 31, 2019 compared to a favorable impact of $250 million for the prior year. As the estimate of the nonperformance credit spread over the LIBOR swap curve tightens or widens, the embedded derivative liability will increase or decrease. As the embedded derivative liability on which the nonperformance credit spread is applied increases (decreases), the impact of the nonperformance credit spread is favorable (unfavorable) to expense.
- A $228 million increase in expense from other market impacts on variable annuity guaranteed benefits, net of hedges in place to offset those risks and the related DSIC amortization. This increase was the result of a favorable $315 million change in the market impact on variable annuity guaranteed living benefits reserves, an unfavorable $549 million change in the market impact on derivatives hedging the variable annuity guaranteed benefits and a favorable $6 million change in the DSIC offset. The main market drivers contributing to these changes are summarized below:
  - Equity market impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a higher expense for the year ended December 31, 2019 compared to the prior year.
  - Interest rate impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a higher expense for the year ended December 31, 2019 compared to the prior year.
  - Volatility impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a higher expense for the year ended December 31, 2019 compared to the prior year.
  - Other unhedged items, including the difference between the assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and various contractholder behavioral items, were a net favorable impact compared to the prior year.
- The impact of unlocking excluding LTC was a benefit of $1 million for the year ended December 31, 2019 compared to an expense of $112 million for the prior year. The unlocking impact for 2019 primarily reflected a benefit from changes in equity market volatility and correlation assumptions on variable annuities, partially offset by updates to our interest rate assumptions and lower surrenders on annuity contracts with a withdrawal benefit. The unlocking impact for the prior year primarily reflected unfavorable mortality experience on UL and VUL insurance products and lower surrender rate assumptions on variable annuities, partially offset by a favorable impact from updates to assumptions on utilization of guaranteed withdrawal benefits.
- Our annual review of LTC active life future policy benefit reserve adequacy in 2019 resulted in unlocking and loss recognition of $8 million compared to $52 million in the prior year. The unlocking and loss recognition in 2019 was primarily due to the impact from updates to our interest rates assumptions and changes in morbidity experience, partially offset by higher approved and expected premium rate increases and benefit reductions. The unlocking and loss recognition in the prior year was primarily due to changes in morbidity experience, partially offset by approved, pending and future expected premium rate increases.
- A $204 million decrease in auto and home expenses primarily reflecting the sale of AAH.
- The mean reversion related impact was a benefit of $26 million for the year ended December 31, 2019 compared to an expense of $12 million for the prior year.

Amortization of DAC decreased $143 million, or 44%, to $179 million for the year ended December 31, 2019 compared to $322 million for the prior year primarily reflecting the following items:

- The DAC offset to the market impact on variable annuity guaranteed benefits was a benefit of $82 million for the year ended December 31, 2019 compared to an expense of $23 million for the prior year.
- The mean reversion related impact was a benefit of $31 million for the year ended December 31, 2019 compared to an expense of $21 million for the prior year.
- A $10 million decrease in auto and home expenses primarily reflecting the sale of AAH.
- A favorable impact from normal year over year experience differences for variable annuities.
- The impact of unlocking in 2019 was an expense of $14 million and reflected updates to our interest rate assumptions, partially offset by a favorable impact from lower surrenders on annuity contracts with a withdrawal benefit. The impact of unlocking in the prior year was a benefit of $33 million and primarily reflected updated mortality assumptions on UL and VUL insurance products and lower surrender rate assumptions on variable annuities, partially offset by an unfavorable impact from updates to assumptions on utilization of guaranteed withdrawal benefits.

Interest and debt expense decreased $31 million, or 13%, to $214 million for the year ended December 31, 2019 compared to $245 million for the prior year primarily due to a decrease in interest expense of CIEs.

General and administrative expense increased $116 million, or 4%, to $3.3 billion for the year ended December 31, 2019 compared to $3.2 billion for the prior year primarily due to a $49 million unfavorable change in the mark-to-market impact on share-based compensation expenses, a $28 million increase in compensation related to higher performance fees, bank-related expenses, investments in business growth and a $13 million increase in severance, partially offset by a $15 million positive foreign currency translation impact and a $25 million decrease in auto and home expenses primarily reflecting the sale of AAH.

Income Taxes

Our effective tax rate was 15.2% for the year ended December 31, 2019 compared to 15.5% for the prior year. Net excess tax benefits related to employee share-based payments was a benefit of $15 million for the year ended December 31, 2019 compared to $25 million for the prior year. See Note 24 to our Consolidated Financial Statements for additional discussion on income taxes.

Results of Operations by Segment

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

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. See Note 28 to the Consolidated Financial Statements for further information on the presentation of segment results and our definition of adjusted operating earnings.

The following table presents summary financial information by segment:

	Years Ended December 31,	
	2019	2018
	(in millions)	
Advice & Wealth Management		
Net revenues	$ 6,599	$ 6,189
Expenses	5,090	4,800
Adjusted operating earnings	$ 1,509	$ 1,389
Asset Management		
Net revenues	$ 2,913	$ 3,011
Expenses	2,252	2,283
Adjusted operating earnings	$ 661	$ 728
Annuities		
Net revenues	$ 2,459	$ 2,476
Expenses	1,962	1,980
Adjusted operating earnings	$ 497	$ 496
Protection		
Net revenues	$ 1,047	$ 1,096
Expenses	786	841
Adjusted operating earnings	$ 261	$ 255
Corporate & Other		
Net revenues	$ 1,094	$ 1,336
Expenses	1,414	1,640
Adjusted operating loss	$ (320)	$ (304)

The following table presents the segment pretax adjusted operating impacts on our revenues and expenses attributable to unlocking and LTC loss recognition for the years ended December 31:

	2019			2018		
Segment Pretax Adjusted Operating Increase (Decrease)	**Annuities**	**Protection**	**Corporate**	**Annuities**	**Protection**	**Corporate**
	(in millions)					
Other revenues	$ —	$ 5	$ —	$ —	$ 78	$ —
Total revenues	—	5	—	—	78	—
Benefits, claims, losses and settlement expenses						
LTC loss recognition	—	—	9	—	—	51
Unlocking	(12)	16	(1)	18	101	1
Total benefits, claims, losses and settlement expenses	(12)	16	8	18	101	52
Amortization of DAC	11	2	—	(17)	(18)	—
Total expenses	(1)	18	8	1	83	52
Pretax income	$ 1	$ (13)	$ (8)	$ (1)	$ (5)	$ (52)

Advice & Wealth Management

The following table presents the changes in wrap account assets and average balances for the years ended December 31:

	2019	2018
	(in billions)	
Beginning balance	$ 251.5	$ 248.2
Net flows	17.6	21.1
Market appreciation (depreciation) and other	48.4	(17.8)
Ending balance	$ 317.5	$ 251.5
Advisory wrap account assets ending balance [1]	$ 314.3	$ 249.1
Average advisory wrap account assets [2]	$ 285.3	$ 255.5

[1] Advisory wrap account assets represent those assets for which clients receive advisory services and are the primary driver of revenue earned on wrap accounts. Clients may hold non-advisory investments in their wrap accounts that do not incur an advisory fee. Beginning in the fourth quarter of 2019, all advisory fee billing is calculated in advance on a monthly basis using point-in-time assets. Prior to the fourth quarter of 2019, some advisory accounts billed in arrears on a quarterly or monthly basis using average daily assets.

[2] Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period.

Wrap account assets increased $66.0 billion, or 26%, during the year ended December 31, 2019 due to net inflows of $17.6 billion and market appreciation and other of $48.4 billion. Average advisory wrap account assets increased $29.8 billion, or 12%, compared to the prior year reflecting net inflows and market appreciation.

The following table presents the results of operations of our Advice & Wealth Management segment on an adjusted operating basis:

	Years Ended December 31,			
	2019	2018	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 3,841	$ 3,538	$ 303	9%
Distribution fees	2,281	2,241	40	2
Net investment income	411	316	95	30
Other revenues	202	183	19	10
Total revenues	6,735	6,278	457	7
Banking and deposit interest expense	136	89	47	53
Total net revenues	6,599	6,189	410	7
Expenses				
Distribution expenses	3,714	3,521	193	5
Interest and debt expense	11	10	1	10
General and administrative expense	1,365	1,269	96	8
Total expenses	5,090	4,800	290	6
Adjusted operating earnings	$ 1,509	$ 1,389	$ 120	9%

Our Advice & Wealth Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, increased $120 million, or 9%, to $1.5 billion for the year ended December 31, 2019 compared to $1.4 billion for the prior year reflecting wrap account net inflows, average equity market appreciation and higher earnings on brokerage cash, partially offset by higher expenses from continued investments for growth and higher mark-to-market impact on advisor deferred compensation expenses. Pretax adjusted operating margin was 22.9% for the year ended December 31, 2019 compared to 22.4% for the prior year.

We launched Ameriprise Bank, FSB in the second quarter of 2019 and continued to add deposits during the year, with $3.8 billion of cash sweep balances as of December 31, 2019. In the third quarter of 2019, we purchased the existing Ameriprise portfolio of credit card accounts from a third party bank.

Net Revenues

Net revenues exclude net realized investment gains or losses. Net revenues increased $410 million, or 7%, to $6.6 billion for the year ended December 31, 2019 compared to $6.2 billion for the prior year. Adjusted operating net revenue per advisor increased to $664,000 for the year ended December 31, 2019, up 6%, from $624,000 for the prior year.

Management and financial fees increased $303 million, or 9%, to $3.8 billion for the year ended December 31, 2019 compared to $3.5 billion for the prior year primarily due to growth in wrap account assets. Average advisory wrap account assets increased $29.8 billion, or 12%, compared to the prior year reflecting net inflows and market appreciation.

Distribution fees increased $40 million, or 2%, to $2.3 billion for the year ended December 31, 2019 compared to $2.2 billion for the prior year reflecting higher earnings on brokerage cash due to an increase in average short-term interest rates, partially offset by decreased transactional activity and lower sales of variable annuities. We earned 198 basis points on brokerage cash balances for the year ended December 31, 2019 compared to 164 basis points for the prior year.

Net investment income increased $95 million, or 30%, to $411 million for the year ended December 31, 2019 compared to $316 million for the prior year primarily due to higher average invested assets due to the bank and certificates and higher average investment yields.

Banking and deposit interest expense increased $47 million, or 53%, to $136 million for the year ended December 31, 2019 compared to $89 million for the prior year due to interest expense on banking deposits, higher average certificate balances and higher average crediting rates on certificates.

Expenses

Total expenses increased $290 million, or 6%, to $5.1 billion for the year ended December 31, 2019 compared to $4.8 billion for the prior year.

Distribution expenses increased $193 million, or 5%, to $3.7 billion for the year ended December 31, 2019 compared to $3.5 billion for the prior year reflecting higher advisor compensation due to wrap account net inflows and market appreciation, higher mark-to-market impact on advisor deferred compensation expense and investments in recruiting experienced advisors, partially offset by decreased transactional activity.

General and administrative expense increased $96 million, or 8%, to $1.4 billion for the year ended December 31, 2019 compared to $1.3 billion for the prior year primarily due to bank-related expenses and investments in business growth.

Asset Management

The following tables present the mutual fund performance of our retail *Columbia Threadneedle Investments* funds as of December 31:

Columbia **Mutual Fund Rankings in top 2 Lipper Quartiles**			**2019**	**2018**
Domestic Equity	Equal weighted	1 year	57%	46%
		3 year	53%	50%
		5 year	47%	63%
	Asset weighted	1 year	75%	56%
		3 year	65%	56%
		5 year	69%	68%
International Equity	Equal weighted	1 year	100%	35%
		3 year	80%	60%
		5 year	65%	60%
	Asset weighted	1 year	100%	49%
		3 year	86%	69%
		5 year	69%	65%
Taxable Fixed Income	Equal weighted	1 year	83%	50%
		3 year	81%	71%
		5 year	88%	75%
	Asset weighted	1 year	90%	48%
		3 year	89%	75%
		5 year	90%	82%
Tax Exempt Fixed Income	Equal weighted	1 year	89%	89%
		3 year	89%	100%
		5 year	94%	89%
	Asset weighted	1 year	93%	86%
		3 year	92%	100%
		5 year	98%	98%
Asset Allocation Funds	Equal weighted	1 year	69%	46%
		3 year	64%	64%
		5 year	89%	100%
	Asset weighted	1 year	89%	65%
		3 year	90%	50%
		5 year	99%	100%

Number of funds with 4 or 5 Morningstar star ratings	Overall	56	52
	3 year	51	46
	5 year	53	49
Percent of funds with 4 or 5 Morningstar star ratings	Overall	54%	50%
	3 year	49%	44%
	5 year	53%	49%
Percent of assets with 4 or 5 Morningstar star ratings	Overall	66%	67%
	3 year	50%	50%
	5 year	59%	59%

Mutual fund performance rankings are based on the performance of the Institutional Class for Columbia branded mutual funds. Only funds with Institutional Class shares are included.

Equal Weighted Rankings in Top 2 Quartiles: Counts the number of funds with above median ranking divided by the total number of funds. Asset size is not a factor.

Asset Weighted Rankings in Top 2 Quartiles: Sums the total assets of the funds with above median ranking divided by total assets of all funds. Funds with more assets will receive a greater share of the total percentage above or below median.

Threadneedle
Retail Fund Rankings in Top 2 Morningstar Quartiles or Above Index Benchmark

			2019	2018
Equity	Equal weighted	1 year	87%	40%
		3 year	77%	41%
		5 year	70%	70%
	Asset weighted	1 year	91%	51%
		3 year	79%	55%
		5 year	82%	79%
Fixed Income	Equal weighted	1 year	78%	50%
		3 year	88%	72%
		5 year	96%	69%
	Asset weighted	1 year	75%	60%
		3 year	93%	89%
		5 year	97%	89%
Allocation (Managed) Funds	Equal weighted	1 year	100%	38%
		3 year	75%	75%
		5 year	88%	86%
	Asset weighted	1 year	100%	41%
		3 year	94%	84%
		5 year	98%	95%

The performance of each fund is measured on a consistent basis against the most appropriate benchmark — a peer group of similar funds or an index. Prior period rankings have been adjusted to reflect foreign exchange forward and spot contract transactions executed by those funds, and also to include cash items primarily fee rebates, that were previously excluded from the gross performance calculations.

Equal weighted: Counts the number of funds with above median ranking (if measured against peer group) or above index performance (if measured against an index) divided by the total number of funds. Asset size is not a factor.

Asset weighted: Sums the assets of the funds with above median ranking (if measured against peer group) or above index performance (if measured against an index) divided by the total sum of assets in the funds. Funds with more assets will receive a greater share of the total percentage above or below median or index.

Aggregated Allocation (Managed) Funds include funds that invest in other funds of the Threadneedle range including those funds that invest in both equity and fixed income.

Aggregated Threadneedle data includes funds on the Threadneedle platform sub-advised by Columbia Management as well as advisors not affiliated with Ameriprise Financial, Inc.

The following table presents managed assets by type:

	December 31,				Average [1] December 31,			
	2019	2018	Change		2019	2018	Change	
	(in billions)							
Equity	$ 271.1	$ 229.0	$ 42.1	18%	$ 251.5	$ 266.4	$ (14.9)	(6)%
Fixed income	179.2	160.9	18.3	11	171.2	168.9	2.3	1
Money market	5.6	5.1	0.5	10	5.1	5.7	(0.6)	(11)
Alternative	3.1	3.1	—	—	3.1	4.4	(1.3)	(30)
Hybrid and other	35.2	32.6	2.6	8	33.9	34.2	(0.3)	(1)
Total managed assets	$ 494.2	$ 430.7	$ 63.5	15%	$ 464.8	$ 479.6	$ (14.8)	(3)%

[1] Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period.

The following tables present the changes in global managed assets:

	Years Ended December 31,	
	2019	2018
	(in billions)	
Global Retail Funds		
Beginning assets	$ 247.9	$ 287.8
Inflows	46.9	53.0
Outflows	(53.8)	(67.2)
Net VP/VIT fund flows	(2.7)	(3.0)
Net new flows	(9.6)	(17.2)
Reinvested dividends	9.7	11.6
Net flows	0.1	(5.6)
Distributions	(11.3)	(13.8)
Market appreciation (depreciation) and other	50.3	(18.2)
Foreign currency translation [1]	0.5	(2.3)
Total ending assets	287.5	247.9
Global Institutional		
Beginning assets	182.8	206.8
Inflows	22.7	21.6
Outflows	(29.9)	(37.2)
Net flows	(7.2)	(15.6)
Market appreciation (depreciation) and other [2]	29.7	(4.5)
Foreign currency translation [1]	1.4	(3.9)
Total ending assets	206.7	182.8
Total managed assets	$ 494.2	$ 430.7
Total net flows	$ (7.1)	$ (21.2)
Former Parent Company Related [3]		
Retail net new flows	$ (0.9)	$ (2.8)
Institutional net new flows	(3.4)	(5.2)
Total net new flows	$ (4.3)	$ (8.0)

[1] Amounts represent local currency to US dollar translation for reporting purposes.
[2] Includes $4.6 billion and $0.6 billion for the total change in Affiliated General Account Assets during the years ended December 31, 2019 and 2018, respectively.
[3] Former parent company related assets and net new flows are included in the rollforwards above.

The UK withdrew from the European Union ("EU") on January 31, 2020, pursuant to a transitionary withdrawal agreement with the EU that in substance maintains the pre-withdrawal, status quo until the end of 2020. The full impact of the British exit from the EU

(commonly known as "Brexit") and its related consequences remain uncertain, including with respect to ongoing negotiations between the UK and EU and new trade agreements with global trading partners. This uncertainty may have a negative impact on our UK and European net flows (as well as foreign currency translation if the British Pound weakens).

Total segment AUM increased $63.5 billion, or 15%, during the year ended December 31, 2019 driven by market appreciation, partially offset by net outflows and retail fund distributions. Europe, Middle East and Africa ("EMEA") retail net outflows were $3.1 billion for the year ended December 31, 2019 reflecting negative consumer sentiment associated with Brexit and geopolitical concerns in Europe. North America retail net inflows, which include reinvested dividends, were $3.2 billion for the year ended December 31, 2019, a $5.8 billion improvement compared to the prior year. Global institutional net outflows of $7.2 billion included $3.4 billion of outflows from former parent-related assets.

The following table presents the results of operations of our Asset Management segment on an adjusted operating basis:

	Years Ended December 31,			
	2019	2018	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 2,488	$ 2,540	$ (52)	(2)%
Distribution fees	408	433	(25)	(6)
Net investment income	15	19	(4)	(21)
Other revenues	2	19	(17)	(89)
Total revenues	2,913	3,011	(98)	(3)
Banking and deposit interest expense	—	—	—	—
Total net revenues	2,913	3,011	(98)	(3)
Expenses				
Distribution expenses	928	961	(33)	(3)
Amortization of deferred acquisition costs	9	13	(4)	(31)
Interest and debt expense	25	24	1	4
General and administrative expense	1,290	1,285	5	—
Total expenses	2,252	2,283	(31)	(1)
Adjusted operating earnings	$ 661	$ 728	$ (67)	(9)%

Our Asset Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, decreased $67 million, or 9%, to $661 million for the year ended December 31, 2019 compared to $728 million for the prior year primarily due to the cumulative impact of net outflows and a vendor credit of $14 million in the prior year, partially offset by higher average markets and a $29 million increase in net performance fees.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, decreased $98 million, or 3%, to $2.9 billion for the year ended December 31, 2019 compared to $3.0 billion for the prior year.

Management and financial advice fees decreased $52 million, or 2%, to $2.5 billion for the year ended December 31, 2019 compared to the prior year driven by cumulative net outflows and a $27 million negative foreign currency translation impact, partially offset by a $57 million increase in performance fees and higher average markets. Our average weighted equity index, which is a proxy for equity movements on AUM, increased 4% for the year ended December 31, 2019 compared to the prior year.

Distribution fees decreased $25 million, or 6%, to $408 million for the year ended December 31, 2019 compared to $433 million for the prior year due to the cumulative impact of net outflows, partially offset by higher average markets.

Other revenues decreased $17 million, or 89%, to $2 million for the year ended December 31, 2019 compared to $19 million for the prior year due to a $14 million vendor credit in the prior year related to the completion of our front, middle and back-office integration.

Expenses

Total expenses decreased $31 million, or 1%, to $2.3 billion for the year ended December 31, 2019 compared to the prior year.

Distribution expenses decreased $33 million, or 3%, to $928 million for the year ended December 31, 2019 compared to $961 million for the prior year primarily due to the cumulative impact of net outflows, partially offset by higher average markets.

Annuities

The following table presents the results of operations of our Annuities segment on an adjusted operating basis:

	Years Ended December 31,			
	2019	2018	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 783	$ 792	$ (9)	(1)%
Distribution fees	345	347	(2)	(1)
Net investment income	554	644	(90)	(14)
Premiums	116	108	8	7
Other revenues	661	585	76	13
Total revenues	2,459	2,476	(17)	(1)
Banking and deposit interest expense	—	—	—	—
Total net revenues	2,459	2,476	(17)	(1)
Expenses				
Distribution expenses	430	432	(2)	—
Interest credited to fixed accounts	445	461	(16)	(3)
Benefits, claims, losses and settlement expenses	664	665	(1)	—
Amortization of deferred acquisition costs	190	181	9	5
Interest and debt expense	39	40	(1)	(3)
General and administrative expense	194	201	(7)	(3)
Total expenses	1,962	1,980	(18)	(1)
Adjusted operating earnings	$ 497	$ 496	$ 1	— %

Our Annuities segment pretax adjusted operating income, which excludes net realized investment gains or losses (net of the related DSIC and DAC amortization), the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization), the market impact on fixed index annuity benefits (net of hedges and the related DAC amortization) and mean reversion related impacts, was essentially flat at $497 million for the year ended December 31, 2019 compared to $496 million for the prior year.

RiverSource® variable annuity account balances increased 11% to $80.1 billion as of December 31, 2019 compared to the prior year due to equity market appreciation, partially offset by net outflows of $3.2 billion. Variable annuity sales decreased 8% compared to the prior year.

RiverSource® fixed deferred annuity account balances declined 5% to $8.3 billion as of December 31, 2019 compared to the prior year as older policies continue to lapse and new sales are limited due to low interest rates. Given the current interest rate environment, our current fixed deferred annuity book is expected to gradually run off and earnings on our fixed deferred annuity business will trend down. We reinsured approximately 20% of our fixed annuities block during the first quarter of 2019. The reinsurance transaction generated $200 million of excess capital and has a marginal impact on fixed annuity adjusted pretax operating earnings.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, decreased $17 million, or 1%, to $2.5 billion for the year ended December 31, 2019 compared to the prior year.

Net investment income, which excludes net realized investment gains or losses, decreased $90 million, or 14%, to $554 million for the year ended December 31, 2019 compared to $644 million for the prior year due to a $47 million unfavorable impact related to the fixed annuities reinsurance transaction, approximately $30 million from lower average invested assets due to fixed annuity net outflows and approximately $13 million from lower earned interest rates.

Other revenues increased $76 million, or 13%, to $661 million for the year ended December 31, 2019 compared to $585 million for the prior year primarily due to accretion on our fixed annuities reinsurance deposit receivable and higher fees from variable annuity guarantee sales in the prior year where the fees start on the first anniversary date and higher average fee rates.

Expenses

Total expenses, which exclude the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization), the market impact on fixed index annuity benefits (net of hedges and the related DAC amortization), mean reversion related impacts and the DAC and DSIC offset to net realized investment gains or losses, decreased $18 million, or 1%, to $2.0 billion for the year ended December 31, 2019 compared to the prior year.

Interest credited to fixed accounts decreased $16 million, or 3%, to $445 million for the year ended December 31, 2019 compared to $461 million for the prior year due to lower average fixed deferred annuity account balances.

Benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC amortization), mean reversion related impacts and the DSIC offset to net realized investment gains or losses, were essentially flat at $664 million for the year ended December 31, 2019 compared to $665 million for the prior year primarily reflecting the impact of unlocking, partially offset by higher reserve funding driven by the impact of higher variable annuity guaranteed benefit rider charges.

Amortization of DAC, which excludes mean reversion related impacts, the DAC offset to the market impact on variable annuity guaranteed benefits and fixed index annuity benefits and the DAC offset to net realized investment gains or losses, increased $9 million, or 5%, to $190 million for the year ended December 31, 2019 compared to $181 million for the prior year primarily due to the impact of unlocking, partially offset by a favorable impact from normal year over year experience differences for variable annuities.

Protection

The following table presents the results of operations of our Protection segment on an adjusted operating basis:

	Years Ended December 31,			
	2019	2018	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 44	$ 47	$ (3)	(6)%
Distribution fees	94	93	1	1
Net investment income	308	289	19	7
Premiums	201	204	(3)	(1)
Other revenues	400	463	(63)	(14)
Total revenues	1,047	1,096	(49)	(4)
Banking and deposit interest expense	—	—	—	—
Total net revenues	1,047	1,096	(49)	(4)
Expenses				
Distribution expenses	44	48	(4)	(8)
Interest credited to fixed accounts	212	200	12	6
Benefits, claims, losses and settlement expenses	327	404	(77)	(19)
Amortization of deferred acquisition costs	53	35	18	51
Interest and debt expense	15	14	1	7
General and administrative expense	135	140	(5)	(4)
Total expenses	786	841	(55)	(7)
Adjusted operating earnings	$ 261	$ 255	$ 6	2 %

Our Protection segment pretax adjusted operating earnings, which excludes net realized investment gains or losses (net of the related DAC amortization, unearned revenue amortization and the reinsurance accrual), the market impact on IUL benefits (net of hedges and the related DAC amortization, unearned revenue amortization and the reinsurance accrual) and mean reversion related impacts, increased $6 million, or 2%, to $261 million for the year ended December 31, 2019 compared to $255 million for the prior year.

Net Revenues

Net revenues, which exclude net realized investment gains or losses (net of unearned revenue amortization and the reinsurance accrual) and the unearned revenue amortization and reinsurance accrual offset to the market impact on IUL benefits, decreased $49 million, or 4%, to $1.0 billion for the year ended December 31, 2019 compared to $1.1 billion for the prior year.

Net investment income, which excludes net realized investment gains or losses, increased $19 million, or 7%, to $308 million for the year ended December 31, 2019 compared to $289 million for the prior year reflecting higher average invested assets.

Other revenues, which exclude the unearned revenue amortization and reinsurance accrual offset to net realized investment gains or losses and the market impact on IUL benefits, decreased $63 million, or 14%, to $400 million for the year ended December 31, 2019 compared to $463 million for the prior year due to the impact of unlocking, partially offset by a $7 million expense in the prior year related to a modification of costs within a reinsurance contract.

Expenses

Total expenses, which exclude the market impact on IUL benefits (net of hedges and the related DAC amortization), mean reversion related impacts and the DAC offset to net realized investment gains or losses, decreased $55 million, or 7%, to $786 million for the year ended December 31, 2019 compared to $841 million for the prior year.

Interest credited to fixed accounts increased $12 million, or 6%, to $212 million for the year ended December 31, 2019 compared to $200 million for the prior year primarily driven by higher fixed account values associated with UL and VUL insurance.

Benefits, claims, losses and settlement expenses decreased $77 million, or 19%, to $327 million for the year ended December 31, 2019 compared to $404 million for the prior year primarily due to the impact of unlocking. The unlocking impact for 2019 was an expense of $16 million and primarily reflected updates to our interest rate assumptions. The unlocking impact for the prior year was an expense of $101 million and primarily reflected unfavorable mortality experience on UL and VUL insurance products.

Amortization of DAC increased $18 million, or 51%, to $53 million for the year ended December 31, 2019 compared to $35 million for the prior year primarily reflecting the impact of unlocking. The impact of unlocking for 2019 was an expense of $2 million compared to a benefit of $18 million for the prior year.

Corporate & Other

The following table presents the results of operations of our Corporate & Other segment on an adjusted operating basis:

	Years Ended December 31,			
	2019	2018	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 4	$ 5	$ (1)	(20)%
Distribution fees	5	6	(1)	(17)
Net investment income	145	177	(32)	(18)
Premiums	931	1,148	(217)	(19)
Other revenues	17	6	11	NM
Total revenues	1,102	1,342	(240)	(18)
Banking and deposit interest expense	8	6	2	33
Total net revenues	1,094	1,336	(242)	(18)
Expenses				
Distribution expenses	(1)	10	(11)	NM
Benefits, claims, losses and settlement expenses	962	1,226	(264)	(22)
Amortization of deferred acquisition costs	42	52	(10)	(19)
Interest and debt expense	55	37	18	49
General and administrative expense	356	315	41	13
Total expenses	1,414	1,640	(226)	(14)
Adjusted operating loss	$ (320)	$ (304)	$ (16)	(5)%

NM Not Meaningful.

Our Corporate & Other segment pretax adjusted operating loss excludes net realized investment gains or losses, the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, gain or loss on disposal of a business that is not considered discontinued operations, integration and restructuring charges, and the impact of consolidating CIEs. Our Corporate & Other segment pretax adjusted operating loss increased $16 million, or 5%, to $320 million for the year ended December 31, 2019 compared to $304 million for the prior year.

Auto and Home pretax adjusted operating earnings were $13 million for the year ended December 31, 2019 compared to a pretax adjusted operating loss of $10 million for the prior year. We sold AAH on October 1, 2019.

Our LTC insurance pretax adjusted operating earnings were nil for the year ended December 31, 2019 compared to a pretax adjusted operating loss of $61 million for the prior year. Our annual review of LTC active life future policy benefit reserve adequacy resulted in unlocking and loss recognition of $8 million for the year ended December 31, 2019 compared to $52 million in the prior year.

As of December 31, 2019, our nursing home indemnity LTC block had approximately $83 million in gross in force annual premium and future policyholder benefits and claim reserves of approximately $1.3 billion, net of reinsurance, which was 55% of GAAP reserves. This block has been shrinking over the last few years given the average attained age is 82 and the average attained age of

policyholders on claim is 88. Fifty-five percent of daily benefits in force in this block come from policies that have a lifetime benefit period.

As of December 31, 2019, our comprehensive reimbursement LTC block had approximately $115 million in gross in force annual premium and future policyholder benefits and claim reserves of approximately $1.1 billion, net of reinsurance. This block has higher premiums per policy than the nursing home indemnity LTC policies. The average attained age is 76 and the average attained age of policyholders on claim is 84. Thirty-seven percent of daily benefits in force in this block come from policies that have a lifetime benefit period.

We utilize three primary levers to manage our LTC business. First, we have taken an active approach of steadily increasing rates since 2005, with cumulative rate increases of 162% on our nursing home indemnity LTC block and 93% on our comprehensive reimbursement LTC block as of December 31, 2019. Second, we have a reserving process that reflects the policy features and risk characteristics of our blocks. As of December 31, 2018, we had 30,000 policies that were closed with claim activity, as well as 8,000 open claims. We apply this experience to our in force policies, which were 103,000 as of December 31, 2019, at a very granular level by issue year, attained age and benefit features. Our statutory reserves are $415 million higher than our GAAP reserves and include margins for key assumptions like morbidity and mortality, as well as $233 million in asset adequacy reserves as of December 31, 2019. Lastly, we have prudently managed our investment portfolio primarily through a liquid, investment grade portfolio that is currently in a net unrealized gain position.

We undertake an extensive review of active life future policy benefit reserve adequacy annually during the third quarter of each year, or more frequently if appropriate, using current best estimate assumptions as of the date of the review. Our annual review process includes an analysis of our key reserve assumptions, including, at this time, those for morbidity, terminations (mortality and lapses), premium rate increases and investment yields. Because we have a rigorous annual review of all key reserve assumptions, we believe we are materially less exposed to large one-time reserve adjustments.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, gain on disposal of business that is not considered discontinued operations, integration and restructuring charges and revenues attributable to CIEs, decreased $242 million, or 18%, to $1.1 billion for the year ended December 31, 2019 compared to $1.3 billion for the prior year. Net revenues for the year ended December 31, 2019 included $881 million from Auto and Home compared to $1.1 billion for the prior year reflecting the sale of AAH.

Net investment income, which excludes net realized investment gains or losses and the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, decreased $32 million, or 18%, to $145 million for the year ended December 31, 2019 compared to $177 million for the prior year primarily due to impairments of our investment in affordable housing partnerships. Impairments of our investment in affordable housing partnerships were $35 million for the year ended December 31, 2019 compared to $7 million for the prior year.

Premiums decreased $217 million, or 19%, to $931 million for the year ended December 31, 2019 compared to $1.1 billion for the prior year primarily due to the sale of AAH.

Other revenues increased $11 million to $17 million for the year ended December 31, 2019 compared to $6 million for the prior year primarily due to a $7 million gain on the sale of real estate in the third quarter of 2019.

Expenses

Total expenses, which exclude integration and restructuring charges and expenses attributable to CIEs, decreased $226 million, or 14%, to $1.4 billion for the year ended December 31, 2019 compared to $1.6 billion for the prior year. Total expenses for the year ended December 31, 2019 included $868 million from Auto and Home compared to $1.1 billion for the prior year reflecting the sale of AAH.

Distribution expenses decreased $11 million to a benefit of $1 million for the year ended December 31, 2019 compared to an expense of $10 million for the prior year reflecting the sale of AAH.

Benefits, claims, losses and settlement expenses decreased $264 million, or 22%, to $962 million for the year ended December 31, 2019 compared to $1.2 billion for the prior year reflecting a decrease in LTC unlocking and loss recognition and the sale of AAH.

Amortization of DAC decreased $10 million, or 19%, to $42 million for the year ended December 31, 2019 compared to $52 million for the prior year reflecting the sale of AAH.

Interest and debt expense increased $18 million, or 49%, to $55 million for the year ended December 31, 2019 compared to $37 million for the prior year primarily due to interest expense on asset backed securities issued by one of our subsidiaries in the fourth quarter of 2018. This interest expense is eliminated on a consolidated basis.

General and administrative expense increased $41 million, or 13%, to $356 million for the year ended December 31, 2019 compared to $315 million for the prior year primarily due to a $33 million unfavorable change in the mark-to-market impact on share-based compensation expenses, investments in growth initiatives and a $13 million increase in severance, partially offset by a $25 million decrease in auto and home expenses primarily reflecting the sale of AAH.

Consolidated Results of Operations

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following table presents our consolidated results of operations:

	Years Ended December 31,			
	2018	2017	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 6,776	$ 6,415	$ 361	6 %
Distribution fees	1,877	1,757	120	7
Net investment income	1,596	1,509	87	6
Premiums	1,426	1,394	32	2
Other revenues	1,249	1,105	144	13
Total revenues	12,924	12,180	744	6
Banking and deposit interest expense	89	48	41	85
Total net revenues	12,835	12,132	703	6
Expenses				
Distribution expenses	3,637	3,397	240	7
Interest credited to fixed accounts	674	656	18	3
Benefits, claims, losses and settlement expenses	2,302	2,233	69	3
Amortization of deferred acquisition costs	322	267	55	21
Interest and debt expense	245	207	38	18
General and administrative expense	3,171	3,158	13	—
Total expenses	10,351	9,918	433	4
Pretax income	2,484	2,214	270	12
Income tax provision	386	734	(348)	(47)
Net income	$ 2,098	$ 1,480	$ 618	42 %

Overall

Pretax income increased $270 million, or 12%, to $2.5 billion for the year ended December 31, 2018 compared to $2.2 billion for the prior year primarily reflecting average equity market appreciation, wrap account net inflows, a positive impact from higher short-term interest rates and a decrease in the unfavorable market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization), partially offset by the impact of unlocking, the cumulative impact of asset management net outflows and the impact on DAC, DSIC and reserves for insurance features in non-traditional long-duration contracts from actual versus expected market performance. The market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization) was an expense of $31 million for the year ended December 31, 2018 compared to an expense of $232 million for the prior year.

The impact on DAC, DSIC and reserves for insurance features in non-traditional long-duration contracts from actual versus expected market performance was an expense of $33 million ($21 million for DAC, $5 million for DSIC and $7 million for insurance features in non-traditional long duration contracts) for the year ended December 31, 2018 reflecting unfavorable market returns compared to a benefit of $83 million ($36 million for DAC, $8 million for DSIC and $39 million for insurance features in non-traditional long duration contracts) for the prior year reflecting favorable market returns.

The following table presents the total pretax impacts on our revenues and expenses attributable to unlocking and LTC loss recognition for the years ended December 31:

Pretax Increase (Decrease)	2018	2017
	(in millions)	
Other revenues	$ 78	$ (47)
Total revenues	78	(47)
Benefits, claims, losses and settlement expenses:		
LTC unlocking and loss recognition	52	58
Unlocking impact, excluding LTC	112	(140)
Total benefits, claims, losses and settlement expenses	164	(82)
Amortization of DAC	(33)	(12)
Total expenses	131	(94)
Pretax income [1]	$ (53)	$ 47

[1] Includes a $5 million net benefit related to the market impact on variable annuity guaranteed benefits for both the years ended December 31, 2018 and 2017, which is excluded from adjusted operating earnings. Refer to Results of Operations by Segment for the impact to pretax adjusted operating earnings attributable to unlocking and LTC loss recognition.

The following table presents the impact from the enactment of the legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act") for the year ended December 31, 2017:

Increase (Decrease)	(in millions)
Net investment income [1]	$ (51)
Pretax income	(51)
Income tax provision	
Remeasurement of deferred tax assets and liabilities	221
Foreign tax provisions	57
Remeasurement of tax contingencies	8
Total prior to tax effect of affordable housing partnership impairment	286
Tax effect of affordable housing partnership impairment	(17)
Total income tax provision	269
Net income	$ (320)

[1] Includes the impairment of our investment in affordable housing partnerships due to the Tax Act's change in statutory tax rate to 21%.

Net Revenues

Net revenues increased $703 million, or 6%, to $12.8 billion for the year ended December 31, 2018 compared to $12.1 billion for the prior year.

Management and financial advice fees increased $361 million, or 6%, to $6.8 billion for the year ended December 31, 2018 compared to $6.4 billion for the prior year primarily due to an increase in AUM. Average AUM increased $35.4 billion, or 5%, compared to the prior year primarily due to average equity market appreciation and wrap account net inflows, partially offset by asset management net outflows. See our discussion on the changes in AUM in our segment results of operations section.

Distribution fees increased $120 million, or 7%, to $1.9 billion for the year ended December 31, 2018 compared to $1.8 billion for the prior year reflecting average equity market appreciation and higher earnings on brokerage cash due to an increase in short-term interest rates, partially offset by a $30 million decrease related to our transition to share classes without 12b-1 fees in advisory accounts, which we completed during the first quarter of 2017.

Net investment income increased $87 million, or 6%, to $1.6 billion for the year ended December 31, 2018 compared to $1.5 billion for the prior year primarily due to a $51 million impairment of our investment in affordable housing partnerships in 2017 due to the enactment of the Tax Act, a $31 million increase in net investment income of CIEs, a $13 million favorable change in the market impact of hedges on investments and an increase in interest earned on brokerage margin loans and cash balances due to higher short-term interest rates, partially offset by a $36 million decrease in net realized investment gains.

Other revenues increased $144 million, or 13%, to $1.2 billion for the year ended December 31, 2018 compared to $1.1 billion for the prior year primarily due to the impact of unlocking and an increase in variable annuity guaranteed benefit rider charges, partially offset by a $7 million expense related to a modification of costs within a reinsurance contract.

Banking and deposit interest expense increased $41 million, or 85%, to $89 million for the year ended December 31, 2018 compared to $48 million for the prior year due to higher average crediting rates on certificates, as well as higher average certificate balances.

Expenses

Total expenses increased $433 million, or 4%, to $10.4 billion for the year ended December 31, 2018 compared to $9.9 billion for the prior year.

Distribution expenses increased $240 million, or 7%, to $3.6 billion for the year ended December 31, 2018 compared to $3.4 billion for the prior year reflecting higher advisor compensation due to average equity market appreciation and wrap account net inflows, partially offset by asset management net outflows and a $16 million decrease from changes related to our transition to share classes without 12b-1 fees in advisory accounts.

Benefits, claims, losses and settlement expenses increased $69 million, or 3%, to $2.3 billion for the year ended December 31, 2018 compared to $2.2 billion for the prior year primarily reflecting the following items:

- The impact of unlocking was an expense of $113 million for the year ended December 31, 2018 compared to a benefit of $139 million for the prior year. The unlocking impact for the year ended December 31, 2018 primarily reflected unfavorable mortality experience on UL and VUL insurance products and lower surrender rate assumptions on variable annuities, partially offset by a favorable impact from updates to assumptions on utilization of guaranteed withdrawal benefits. The unlocking impact for the prior year primarily reflected a benefit from updates to market-related inputs to our living benefit valuation.
- Our annual review of LTC active life future policy benefit reserve adequacy in the third quarter resulted in loss recognition of $51 million for the year ended December 31, 2018 compared to $57 million in the prior year. The loss recognition in both periods was primarily due to unfavorable morbidity experience, partially offset by approved, pending and future expected premium increases.
- A $25 million increase in expense related to higher reserve funding driven by the impact of higher variable annuity guaranteed benefit rider charges.
- The impact on DSIC and reserves for insurance features in non-traditional long-duration contracts from actual versus expected market performance was an expense of $12 million for the year ended December 31, 2018 compared to a benefit of $47 million for the prior year.
- A $356 million decrease in expense from the unhedged nonperformance credit spread risk adjustment on variable annuity guaranteed benefits. The favorable impact of the nonperformance credit spread was $250 million for the year ended December 31, 2018 compared to an unfavorable impact of $106 million for the prior year. As the estimate of the nonperformance credit spread over the LIBOR swap curve tightens or widens, the embedded derivative liability will increase or decrease. As the embedded derivative liability on which the nonperformance credit spread is applied increases (decreases), the impact of the nonperformance credit spread is favorable (unfavorable) to expense.
- A $106 million increase in expense from other market impacts on variable annuity guaranteed benefits, net of hedges in place to offset those risks and the related DSIC amortization. This increase was the result of an unfavorable $1.2 billion change in the market impact on variable annuity guaranteed living benefits reserves, a favorable $1.1 billion change in the market impact on derivatives hedging the variable annuity guaranteed benefits and an unfavorable $4 million change in the DSIC offset. The main market drivers contributing to these changes are summarized below:
  - Equity market impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a higher expense for the year ended December 31, 2018 compared to the prior year.
  - Interest rate impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a lower expense for the year ended December 31, 2018 compared to the prior year.
  - Volatility impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a lower expense for the year ended December 31, 2018 compared to the prior year.
  - Other unhedged items, including the difference between the assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and various contractholder behavioral items, were a net unfavorable impact compared to the prior year.

Amortization of DAC increased $55 million, or 21%, to $322 million for the year ended December 31, 2018 compared to $267 million for the prior year primarily reflecting the following items:

- The impact on DAC from actual versus expected market performance was an expense of $21 million for the year ended December 31, 2018 compared to a benefit of $36 million for the prior year.
- The DAC offset to the market impact on variable annuity guaranteed benefits was an expense of $23 million for the year ended December 31, 2018 compared to a benefit of $26 million for the prior year.

- The impact of unlocking was a benefit of $33 million for the year ended December 31, 2018 and primarily reflected updated mortality assumptions on UL and VUL insurance products and lower surrender rate assumptions on variable annuities, partially offset by an unfavorable impact from updates to assumptions on utilization of guaranteed withdrawal benefits. The impact of unlocking for the prior year was a benefit of $12 million and primarily reflected improved persistency and mortality on UL and VUL insurance products and a $10 million benefit from a correction related to a variable annuity model assumption, partially offset by updates to market-related inputs to the living benefit valuation.
- The positive impact on DAC from lower than expected lapses on variable annuities was $10 million.

Interest and debt expense increased $38 million, or 18%, to $245 million for the year ended December 31, 2018 compared to $207 million for the prior year primarily due to an increase in interest expense of CIEs.

Income Taxes

Our effective tax rate was 15.5% for the year ended December 31, 2018 compared to 33.1% for the prior year. The decrease in our effective tax rate for the year ended December 31, 2018 compared to the prior year is primarily the result of the decrease in the federal statutory tax rate and a $286 million expense in 2017 due to provisions in the Tax Act, partially offset by lower levels of the dividends received deduction and a decrease in the benefit for net excess tax benefits related to employee share-based payments, which was $25 million for the year ended December 31, 2018 compared to $70 million for the prior year.

Results of Operations by Segment

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

The following table presents summary financial information by segment:

	Years Ended December 31,	
	2018	2017
	(in millions)	
Advice & Wealth Management		
Net revenues	$ 6,189	$ 5,616
Expenses	4,800	4,453
Adjusted operating earnings	$ 1,389	$ 1,163
Asset Management		
Net revenues	$ 3,011	$ 3,072
Expenses	2,283	2,332
Adjusted operating earnings	$ 728	$ 740
Annuities		
Net revenues	$ 2,476	$ 2,499
Expenses	1,980	1,870
Adjusted operating earnings	$ 496	$ 629
Protection		
Net revenues	$ 1,096	$ 983
Expenses	841	727
Adjusted operating earnings	$ 255	$ 256
Corporate & Other		
Net revenues	$ 1,336	$ 1,234
Expenses	1,640	1,702
Adjusted operating loss	$ (304)	$ (468)

The following table presents the segment pretax adjusted operating impacts on our revenues and expenses attributable to unlocking and LTC loss recognition for the years ended December 31:

	2018			2017		
Segment Pretax Adjusted Operating Increase (Decrease)	Annuities	Protection	Corporate	Annuities	Protection	Corporate
	(in millions)					
Other revenues	$ —	$ 78	$ —	$ —	$ (47)	$ —
Total revenues	—	78	—	—	(47)	—
Benefits, claims, losses and settlement expenses						
LTC loss recognition	—	—	51	—	—	57
Unlocking impact	18	101	1	(119)	(14)	1
Total benefits, claims, losses and settlement expenses	18	101	52	(119)	(14)	58
Amortization of DAC	(17)	(18)	—	(1)	(13)	—
Total expenses	1	83	52	(120)	(27)	58
Pretax income	$ (1)	$ (5)	$ (52)	$ 120	$ (20)	$ (58)

Advice & Wealth Management

The following table presents the changes in wrap account assets and average balances for the years ended December 31:

	2018	2017
	(in billions)	
Beginning balance	$ 248.2	$ 201.1
Inflows from acquisition [1]	—	0.7
Other net flows	21.1	18.8
Net flows	21.1	19.5
Market appreciation (depreciation) and other	(17.8)	27.6
Ending balance	$ 251.5	$ 248.2
Advisory wrap account assets ending balance [2]	$ 249.1	$ 245.8
Average advisory wrap account assets [3]	$ 255.5	$ 222.1

[1] Inflows associated with acquisition that closed during the period.
[2] Advisory wrap account assets represent those assets for which clients receive advisory services and are the primary driver of revenue earned on wrap accounts. Clients may hold non-advisory investments in their wrap accounts that do not incur an advisory fee.
[3] Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period.

Wrap account assets increased $3.3 billion, or 1%, during the year ended December 31, 2018 due to net inflows of $21.1 billion, partially offset by market depreciation and other of $17.8 billion. Average advisory wrap account assets increased $33.4 billion, or 15%, compared to the prior year reflecting net inflows and market appreciation.

In July 2017, we completed our acquisition of Investment Professionals, Inc. ("IPI"), an independent broker-dealer based in San Antonio, Texas specializing in the on-site delivery of investment programs for financial institutions, including banks and credit unions. The acquisition added 215 financial advisors and $8 billion in client assets (including $0.7 billion in assets under management and $7.3 billion in assets under administration).

The following table presents the results of operations of our Advice & Wealth Management segment on an operating basis:

	Years Ended December 31,			
	2018	2017	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 3,538	$ 3,153	$ 385	12%
Distribution fees	2,241	2,095	146	7
Net investment income	316	239	77	32
Other revenues	183	177	6	3
Total revenues	6,278	5,664	614	11
Banking and deposit interest expense	89	48	41	85
Total net revenues	6,189	5,616	573	10
Expenses				
Distribution expenses	3,521	3,245	276	9
Interest and debt expense	10	9	1	11
General and administrative expense	1,269	1,199	70	6
Total expenses	4,800	4,453	347	8
Adjusted operating earnings	$ 1,389	$ 1,163	$ 226	19%

Our Advice & Wealth Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, increased $226 million, or 19%, to $1.4 billion for the year ended December 31, 2018 compared to $1.2 billion for the prior year reflecting wrap account net inflows, average equity market appreciation and higher earnings on brokerage cash, partially offset by higher general and administrative expense. Pretax adjusted operating margin was 22.4% for the year ended December 31, 2018 compared to 20.7% for the prior year.

Net Revenues

Net revenues exclude net realized investment gains or losses. Net revenues increased $573 million, or 10%, to $6.2 billion for the year ended December 31, 2018 compared to $5.6 billion for the prior year. Adjusted operating net revenue per advisor increased to $624,000 for the year ended December 31, 2018, up 9%, from $575,000 for the prior year.

Management and financial fees increased $385 million, or 12%, to $3.5 billion for the year ended December 31, 2018 compared to $3.2 billion for the prior year primarily due to growth in wrap account assets. Average advisory wrap account assets increased $33.4 billion, or 15%, compared to the prior year reflecting net inflows and average equity market appreciation.

Distribution fees increased $146 million, or 7%, to $2.2 billion for the year ended December 31, 2018 compared to $2.1 billion for the prior year reflecting higher earnings on brokerage cash due to an increase in short-term interest rates and the IPI acquisition, partially offset by a $30 million decrease related to our transition to share classes without 12b-1 fees in advisory accounts in the first quarter of 2017.

Net investment income increased $77 million, or 32%, to $316 million for the year ended December 31, 2018 compared to $239 million for the prior year primarily due to higher investment yields on assets related to certificates and higher invested balances due to certificate net inflows, as well as an increase in interest earned on brokerage margin loans and cash balances due to higher short-term interest rates.

Banking and deposit interest expense increased $41 million, or 85%, to $89 million for the year ended December 31, 2018 compared to $48 million for the prior year due to higher client crediting rates on certificates, as well as higher average certificate balances.

Expenses

Total expenses increased $347 million, or 8%, to $4.8 billion for the year ended December 31, 2018 compared to $4.5 billion for the prior year.

Distribution expenses increased $276 million, or 9%, to $3.5 billion for the year ended December 31, 2018 compared to $3.2 billion for the prior year reflecting higher advisor compensation due to average equity market appreciation and wrap account net inflows, as well as the IPI acquisition, partially offset by a $16 million decrease from changes related to our transition to share classes without 12b-1 fees in advisory accounts in the first quarter of 2017.

General and administrative expense increased $70 million, or 6%, to $1.3 billion for the year ended December 31, 2018 compared to $1.2 billion for the prior year primarily due to an increase in staffing costs, allocated overhead expenses, technology-related expenses, marketing expenses, vendor-related expenses linked to revenue growth and the IPI acquisition.

Asset Management

The following table presents managed assets by type:

	December 31,				Average [1] December 31,			
	2018	2017	Change		2018	2017	Change	
	(in billions)							
Equity	$ 229.0	$ 275.4	$ (46.4)	(17)%	$ 266.4	$ 258.4	$ 8.0	3 %
Fixed income	160.9	173.6	(12.7)	(7)	168.9	177.0	(8.1)	(5)
Money market	5.1	5.4	(0.3)	(6)	5.7	5.8	(0.1)	(2)
Alternative	3.1	5.6	(2.5)	(45)	4.4	6.8	(2.4)	(35)
Hybrid and other	32.6	34.6	(2.0)	(6)	34.2	27.5	6.7	24
Total managed assets	$ 430.7	$ 494.6	$ (63.9)	(13)%	$ 479.6	$ 475.5	$ 4.1	1 %

[1] Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period.

The following tables present the changes in global managed assets:

	Years Ended December 31,	
	2018	2017
	(in billions)	
Global Retail Funds		
Beginning assets	$ 287.8	$ 259.9
Inflows	53.0	50.9
Outflows	(67.2)	(60.0)
Net VP/VIT fund flows	(3.0)	(3.3)
Net new flows	(17.2)	(12.4)
Reinvested dividends	11.6	9.8
Net flows	(5.6)	(2.6)
Distributions	(13.8)	(11.7)
Market appreciation (depreciation) and other	(18.2)	38.4
Foreign currency translation [1]	(2.3)	3.8
Total ending assets	247.9	287.8
Global Institutional		
Beginning assets	206.8	194.5
Inflows	21.6	24.7
Inflows from acquisitions [2]	—	5.4
Outflows	(37.2)	(44.2)
Net flows	(15.6)	(14.1)
Market appreciation (depreciation) and other [3]	(4.5)	18.8
Foreign currency translation [1]	(3.9)	7.6
Total ending assets	182.8	206.8
Total managed assets	$ 430.7	$ 494.6
Total net flows	$ (21.2)	$ (16.7)
Former Parent Company Related [4]		
Retail net new flows	$ (2.8)	$ (3.0)
Institutional net new flows	(5.2)	(12.2)
Total net new flows	$ (8.0)	$ (15.2)

[1] Amounts represent local currency to US dollar translation for reporting purposes.
[2] Inflows associated with acquisitions that closed during the period.
[3] Includes $0.6 billion and $0.5 billion for the total change in Affiliated General Account Assets during the years ended December 31, 2018 and 2017, respectively.
[4] Former parent company related assets and net new flows are included in the rollforwards above.

Total segment AUM decreased $63.9 billion, or 13%, during the year ended December 31, 2018 driven by net outflows of $21.2 billion, retail fund distributions of $13.8 billion, market depreciation and a negative impact of foreign currency translation. Total segment AUM net outflows included $8.0 billion of outflows of former parent-related assets.

Global retail net outflows of $5.6 billion for the year ended December 31, 2018 included $17.2 billion of net new outflows, partially offset by $11.6 billion of reinvested dividends. In U.S. retail, net new outflows of $14.1 billion reflected elevated outflows in the fourth quarter from market dislocation, industry pressures on active strategies and outflows from former parent-related assets, partially offset by $11.5 billion of reinvested dividends. In EMEA retail, net outflows of $3.0 billion reflected elevated outflows in the fourth quarter consistent with the industry reflecting weakened market sentiment across all regions related to market volatility and concerns over Brexit, the economy and interest rates.

Global institutional net outflows of $15.6 billion included $5.2 billion of outflows from former parent-related assets and $2.5 billion of CLO redemptions. Third party institutional outflows were elevated and reflect lower sales and higher redemptions of equity and fixed income mandates.

In November 2017, we completed our acquisition of Lionstone Partners, LLC ("Lionstone Investments"), a leading national real estate investment firm, specializing in investment strategies based upon proprietary analytics. This acquisition added $5.4 billion in assets under management.

The following table presents the results of operations of our Asset Management segment on an operating basis:

	Years Ended December 31,			
	2018	2017	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 2,540	$ 2,569	$ (29)	(1)%
Distribution fees	433	458	(25)	(5)
Net investment income	19	28	(9)	(32)
Other revenues	19	17	2	12
Total revenues	3,011	3,072	(61)	(2)
Banking and deposit interest expense	—	—	—	—
Total net revenues	3,011	3,072	(61)	(2)
Expenses				
Distribution expenses	961	998	(37)	(4)
Amortization of deferred acquisition costs	13	15	(2)	(13)
Interest and debt expense	24	22	2	9
General and administrative expense	1,285	1,297	(12)	(1)
Total expenses	2,283	2,332	(49)	(2)
Adjusted operating earnings	$ 728	$ 740	$ (12)	(2)%

NM Not Meaningful.

Our Asset Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, decreased $12 million, or 2%, to $728 million for the year ended December 31, 2018 compared to $740 million for the prior year primarily due to the cumulative impact of net outflows, a $31 million decrease related to CLO unwinds and $12 million of costs associated with the implementation of our Brexit strategy, partially offset by average equity market appreciation, lower performance-based compensation and continued expense management.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, decreased $61 million, or 2%, to $3.0 billion for the year ended December 31, 2018 compared to $3.1 billion for the prior year.

Management and financial advice fees decreased $29 million, or 1%, to $2.5 billion for the year ended December 31, 2018 compared to $2.6 billion for the prior year driven by cumulative net outflows, a $32 million decrease in incentive fees from CLO unwinds and a $17 million decrease in performance fees, partially offset by average equity market appreciation, a $13 million positive foreign currency translation impact and a $24 million increase from the Lionstone Investments acquisition. Our average weighted equity index, which is a proxy for equity movements on AUM, increased 10% for the year ended December 31, 2018 compared to the prior year.

Distribution fees decreased $25 million, or 5%, to $433 million for the year ended December 31, 2018 compared to $458 million for the prior year due to cumulative net outflows and an $11 million decrease related to the transition of advisory accounts to share classes without 12b-1 fees in the first quarter of 2017, partially offset by average equity market appreciation.

Expenses

Total expenses decreased $49 million, or 2%, to $2.3 billion for the year ended December 31, 2018 compared to the prior year.

Distribution expenses decreased $37 million, or 4%, to $961 million for the year ended December 31, 2018 compared to $998 million for the prior year due to asset management net outflows and an $11 million decrease related to the transition of advisory accounts to share classes without 12b-1 fees in the first quarter of 2017, partially offset by average equity market appreciation.

General and administrative expense decreased $12 million, or 1%, to $1.3 billion for the year ended December 31, 2018 compared to the prior year primarily due to lower performance-based compensation, lower compensation related to CLO unwinds, a $14 million decrease in compensation related to lower performance fees and disciplined expense management, partially offset by $12 million of Brexit-related costs, an $8 million negative foreign currency translation impact and a $25 million increase related to the Lionstone Investments acquisition.

Annuities

The following table presents the results of operations of our Annuities segment on an operating basis:

	Years Ended December 31,			
	2018	2017	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 792	$ 790	$ 2	— %
Distribution fees	347	346	1	—
Net investment income	644	697	(53)	(8)
Premiums	108	116	(8)	(7)
Other revenues	585	550	35	6
Total revenues	2,476	2,499	(23)	(1)
Banking and deposit interest expense	—	—	—	—
Total net revenues	2,476	2,499	(23)	(1)
Expenses				
Distribution expenses	432	428	4	1
Interest credited to fixed accounts	461	473	(12)	(3)
Benefits, claims, losses and settlement expenses	665	514	151	29
Amortization of deferred acquisition costs	181	215	(34)	(16)
Interest and debt expense	40	35	5	14
General and administrative expense	201	205	(4)	(2)
Total expenses	1,980	1,870	110	6
Adjusted operating earnings	$ 496	$ 629	$ (133)	(21)%

Our Annuities segment pretax adjusted operating income, which excludes net realized investment gains or losses (net of the related DSIC and DAC amortization), the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization), the market impact on fixed index annuity benefits (net of hedges and the related DAC amortization) and mean reversion related impacts, decreased $133 million, or 21%, to $496 million for the year ended December 31, 2018 compared to $629 million for the prior year primarily due to the impact of unlocking, lower investment yields and variable annuity net outflows, partially offset by average equity market appreciation. The impact of unlocking was an expense of $1 million for the year ended December 31, 2018 compared to a benefit of $120 million for the prior year.

RiverSource variable annuity account balances declined 10% to $72.0 billion as of December 31, 2018 compared to the prior year due to equity market depreciation and net outflows of $3.3 billion.

RiverSource fixed deferred annuity account balances declined 7% to $8.7 billion as of December 31, 2018 compared to the prior year as older policies continue to lapse and new sales are limited due to low interest rates.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, decreased $23 million, or 1%, to $2.5 billion for the year ended December 31, 2018 compared to the prior year.

Net investment income, which excludes net realized investment gains or losses, decreased $53 million, or 8%, to $644 million for the year ended December 31, 2018 compared to $697 million for the prior year primarily due to a decrease of approximately $32 million from lower invested assets due to fixed annuity net outflows and approximately $23 million from lower earned interest rates.

Other revenues increased $35 million, or 6%, to $585 million for the year ended December 31, 2018 compared to $550 million for the prior year due to an increase in variable annuity guaranteed benefit rider charges driven by higher average fee rates on variable annuity guarantee sales and sales in the prior year where the fees start on the first anniversary date.

Expenses

Total expenses, which exclude the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization), the market impact on fixed index annuity benefits (net of hedges and the related DAC amortization), mean reversion related impacts and the DAC and DSIC offset to net realized investment gains or losses, increased $110 million, or 6%, to $2.0 billion for the year ended December 31, 2018 compared to $1.9 billion for the prior year.

Interest credited to fixed accounts decreased $12 million, or 3%, to $461 million for the year ended December 31, 2018 compared to $473 million for the prior year due to lower average fixed deferred annuity account balances.

Benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC amortization), mean reversion related impacts and the DSIC offset to net realized investment gains or losses, increased $151 million, or 29%, to $665 million for the year ended December 31, 2018 compared to $514 million for the prior year primarily reflecting the following items:

- The impact of unlocking was an $18 million expense for the year ended December 31, 2018 compared to a $119 million benefit for the prior year. See our Consolidated Results of Operations section for discussion of the drivers of unlocking.
- A $25 million increase in expense related to higher reserve funding driven by the impact of higher variable annuity guaranteed benefit rider charges.

Amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed benefits and fixed index annuity benefits, mean reversion related impacts and the DAC offset to net realized investment gains or losses, decreased $34 million, or 16%, to $181 million for the year ended December 31, 2018 compared to $215 million for the prior year primarily reflecting the following items:

- The impact of unlocking was a benefit of $17 million for the year ended December 31, 2018 compared to a benefit of $1 million for the prior year. See our Consolidated Results of Operations section for discussion of the drivers of unlocking.
- The positive impact on DAC from lower than expected lapses on variable annuities was $10 million.

Protection

The following table presents the results of operations of our Protection segment on an operating basis:

	Years Ended December 31,			
	2018	2017	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 47	$ 48	$ (1)	(2)%
Distribution fees	93	91	2	2
Net investment income	289	280	9	3
Premiums	204	211	(7)	(3)
Other revenues	463	353	110	31
Total revenues	1,096	983	113	11
Banking and deposit interest expense	—	—	—	—
Total net revenues	1,096	983	113	11
Expenses				
Distribution expenses	48	51	(3)	(6)
Interest credited to fixed accounts	200	186	14	8
Benefits, claims, losses and settlement expenses	404	293	111	38
Amortization of deferred acquisition costs	35	45	(10)	(22)
Interest and debt expense	14	13	1	8
General and administrative expense	140	139	1	1
Total expenses	841	727	114	16
Adjusted operating earnings	$ 255	$ 256	$ (1)	— %

Our Protection segment pretax adjusted operating earnings, which excludes net realized investment gains or losses (net of the related DAC amortization, unearned revenue amortization and the reinsurance accrual) and the market impact on IUL benefits (net of hedges and the related DAC amortization, unearned revenue amortization and the reinsurance accrual) and mean reversion related impacts, was essentially flat at $255 million for the year ended December 31, 2018 compared to $256 million for the prior year.

Net Revenues

Net revenues, which exclude net realized investment gains or losses (net of unearned revenue amortization and the reinsurance accrual) and the unearned revenue amortization and reinsurance accrual offset to the market impact on IUL benefits, increased $113 million, or 11%, to $1.1 billion for the year ended December 31, 2018 compared to $983 million for the prior year.

Other revenues, which exclude the unearned revenue amortization and reinsurance accrual offset to net realized investment gains or losses and the market impact on IUL benefits, increased $110 million, or 31%, to $463 million for the year ended December 31, 2018 compared to $353 million for the prior year primarily due to the impact of unlocking, partially offset by a $7 million expense related to a modification of costs within a reinsurance contract and higher cost of reinsurance for life insurance products. Other revenues for the year ended December 31, 2018 included a $78 million favorable impact from unlocking compared to a $47 million unfavorable impact in the prior year period. See our Consolidated Results of Operations section for discussion of the drivers of unlocking.

Expenses

Total expenses, which exclude the market impact on IUL benefits (net of hedges and the related DAC amortization), mean reversion related impacts and the DAC offset to net realized investment gains or losses, increased $114 million, or 16%, to $841 million for the year ended December 31, 2018 compared to $727 million for the prior year.

Interest credited to fixed accounts increased $14 million, or 8%, to $200 million for the year ended December 31, 2018 compared to $186 million for the prior year primarily driven by higher fixed account values associated with UL and VUL insurance.

Benefits, claims, losses and settlement expenses increased $111 million, or 38%, to $404 million for the year ended December 31, 2018 compared to $293 million for the prior year primarily reflecting the following impacts:

- The impact of unlocking was an expense of $101 million for the year ended December 31, 2018 compared to a benefit of $14 million for the prior year. See our Consolidated Results of Operations section for discussion of the drivers of unlocking.
- A $14 million decrease in DI claims, partially offset by a $4 million increase in life claims.

Corporate & Other

The following table presents the results of operations of our Corporate & Other segment on an operating basis:

	Years Ended December 31,			
	2018	2017	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 5	$ 5	$ —	— %
Distribution fees	6	5	1	20
Net investment income	177	118	59	50
Premiums	1,148	1,102	46	4
Other revenues	6	7	(1)	(14)
Total revenues	1,342	1,237	105	8
Banking and deposit interest expense	6	3	3	NM
Total net revenues	1,336	1,234	102	8
Expenses				
Distribution expenses	10	6	4	67
Benefits, claims, losses and settlement expenses	1,226	1,229	(3)	—
Amortization of deferred acquisition costs	52	53	(1)	(2)
Interest and debt expense	37	39	(2)	(5)
General and administrative expense	315	375	(60)	(16)
Total expenses	1,640	1,702	(62)	(4)
Operating loss	$ (304)	$ (468)	$ 164	35 %

NM Not Meaningful.

Our Corporate & Other segment pretax adjusted operating loss excludes net realized investment gains or losses, the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, gain or loss on disposal of a business that is not considered discontinued operations, integration and restructuring charges, and the impact of consolidating CIEs. Our Corporate & Other segment pretax adjusted operating loss decreased $164 million, or 35%, to $304 million for the year ended December 31, 2018 compared to $468 million for the prior year.

Net investment income increased $59 million, or 50%, to $177 million for the year ended December 31, 2018 compared to $118 million for the prior year primarily due to a $51 million impairment of our investment in affordable housing partnerships in 2017 due to the enactment of the Tax Act.

Premiums increased $46 million, or 4%, to $1.1 billion for the year ended December 31, 2018 compared to the prior year due to higher average premium in both auto and home insurance products and higher auto policies in force.

General and administrative expense decreased $60 million, or 16%, to $315 million for the year ended December 31, 2018 compared to $375 million for the prior year primarily due to a $21 million decline in DOL planning and implementation expenses, lower performance-based compensation and a $9 million expense in the prior year related to the renegotiation of a vendor arrangement.

Fair Value Measurements

We report certain assets and liabilities at fair value; specifically, separate account assets, derivatives, embedded derivatives and most investments and cash equivalents. Fair value assumes the exchange of assets or liabilities occurs in orderly transactions and is not the result of a forced liquidation or distressed sale. We include actual market prices, or observable inputs, in our fair value measurements to the extent available. Broker quotes are obtained when quotes from pricing services are not available. We validate prices obtained from third parties through a variety of means such as: price variance analysis, subsequent sales testing, stale price review, price comparison across pricing vendors and due diligence reviews of vendors. See Note 15 to the Consolidated Financial Statements for additional information on our fair value measurements.

Fair Value of Liabilities and Nonperformance Risk

Companies are required to measure the fair value of liabilities at the price that would be received to transfer the liability to a market participant (an exit price). Since there is not a market for our obligations of our variable annuity riders, indexed annuities and IUL insurance, we consider the assumptions participants in a hypothetical market would make to reflect an exit price. As a result, we adjust the valuation of variable annuity riders, indexed annuities and IUL insurance by updating certain contractholder assumptions, adding explicit margins to provide for risk, and adjusting the rates used to discount expected cash flows to reflect a market estimate of our nonperformance risk. The nonperformance risk adjustment is based on observable market data adjusted to estimate the risk of our life insurance company subsidiaries not fulfilling these liabilities. Consistent with general market conditions, this estimate resulted in a spread over the LIBOR swap curve as of December 31, 2019. As our estimate of this spread widens or tightens, the liability will decrease or increase. If this nonperformance credit spread moves to a zero spread over the LIBOR swap curve, the reduction to future net income would be approximately $341 million, net of DAC, DSIC, unearned revenue amortization, the reinsurance accrual and income taxes (calculated at the statutory tax rate of 21%), based on December 31, 2019 credit spreads.

Liquidity and Capital Resources

Overview

We maintained substantial liquidity during the year ended December 31, 2019. At December 31, 2019 and 2018, we had $3.7 billion and $2.9 billion, respectively, in cash and cash equivalents excluding CIEs. We have additional liquidity available through an unsecured revolving credit facility for up to $750 million that expires in October 2022. Under the terms of the credit agreement, we can increase this facility to $1.0 billion upon satisfaction of certain approval requirements. Available borrowings under this facility are reduced by any outstanding letters of credit. At December 31, 2019, we had no outstanding borrowings under this credit facility and had $1 million of outstanding letters of credit. Our credit facility contains various administrative, reporting, legal and financial covenants. We were in compliance with all such covenants at December 31, 2019.

On October 1, 2019, we completed the sale of AAH and received gross proceeds of $1.1 billion in cash at closing. After a payment to an affinity partner, the net proceeds were $1.0 billion.

On March 22, 2019, we issued $500 million of 3.00% senior notes due 2022 and incurred debt issuance costs of $3 million. A portion of the net proceeds was used to repay $300 million principal amount of our 7.3% senior notes which matured on June 28, 2019. The remainder of the net proceeds will be used for general corporate purposes.

We enter into short-term borrowings, which may include repurchase agreements and Federal Home Loan Bank ("FHLB") advances, to reduce reinvestment risk. Short-term borrowings allow us to receive cash to reinvest in longer-duration assets, while maintaining the flexibility to pay back the short-term debt with cash flows generated by the fixed income portfolio. The balance of repurchase agreements as of December 31, 2019 and 2018 was nil and $50 million, respectively, which is collateralized with agency residential mortgage backed securities from our investment portfolio. Our subsidiaries, RiverSource Life Insurance Company ("RiverSource Life"), and Ameriprise Bank, FSB are members of the FHLB of Des Moines, which provides access to collateralized borrowings. As of December 31, 2019 and 2018, we had borrowings from the FHLB of $201 million and $151 million, respectively, which is collateralized with commercial mortgage backed securities. We believe cash flows from operating activities, available cash balances and our availability of revolver borrowings will be sufficient to fund our operating liquidity needs.

Dividends from Subsidiaries

Ameriprise Financial is primarily a parent holding company for the operations carried out by our wholly owned subsidiaries. Because of our holding company structure, our ability to meet our cash requirements, including the payment of dividends on our common stock, substantially depends upon the receipt of dividends or return of capital from our subsidiaries, particularly our life insurance

subsidiary, RiverSource Life, our face-amount certificate subsidiary, Ameriprise Certificate Company ("ACC"), AMPF Holding Corporation, which is the parent company of our retail introducing broker-dealer subsidiary, Ameriprise Financial Services, LLC ("AFS") (previously Ameriprise Financial Services, Inc. until January 2020) and our clearing broker-dealer subsidiary, American Enterprise Investment Services, Inc. ("AEIS"), our transfer agent subsidiary, Columbia Management Investment Services Corp. ("CMIS"), our investment advisory company, Columbia Management Investment Advisers, LLC ("CMIA"), and Ameriprise International Holdings GmbH, which is the parent company of Threadneedle Asset Management Holdings Sàrl. The payment of dividends by many of our subsidiaries is restricted and certain of our subsidiaries are subject to regulatory capital requirements.

Actual capital and regulatory capital requirements for our wholly owned subsidiaries subject to regulatory capital requirements were as follows:

	Actual Capital		Regulatory Capital Requirements	
	December 31,		December 31,	
	2019	2018	2019	2018
	(in millions)			
RiverSource Life [1][2]	$ 2,924	$ 3,382	$ 601	$ 675
RiverSource Life of NY [1][2]	235	266	38	40
IDS Property Casualty Insurance Company [1][3][8]	N/A	789	N/A	233
Ameriprise Insurance Company [1][3][8]	N/A	49	N/A	3
ACC [4][5]	430	444	402	420
Threadneedle Asset Management Holdings Sàrl [6]	287	218	183	173
Ameriprise Bank, FSB [4][7]	300	24	180	10
AFS [3][4]	94	108	#	#
Ameriprise Captive Insurance Company [3]	48	51	9	9
Ameriprise Trust Company [3]	35	32	32	27
AEIS [3][4]	133	136	22	23
RiverSource Distributors, Inc. [3][4]	13	13	#	#
Columbia Management Investment Distributors, Inc. [3][4]	16	18	#	#

N/A Not applicable.
Amounts are less than $1 million.

[1] Actual capital is determined on a statutory basis.
[2] Regulatory capital requirement is the company action level and is based on the statutory risk-based capital filing.
[3] Regulatory capital requirement is based on the applicable regulatory requirement, calculated as of December 31, 2019 and 2018.
[4] Actual capital is determined on an adjusted GAAP basis.
[5] ACC is required to hold capital in compliance with the Minnesota Department of Commerce and SEC capital requirements.
[6] Actual capital and regulatory capital requirements are determined in accordance with U.K. regulatory legislation. The regulatory capital requirements at December 31, 2019 represent calculations at September 30, 2019 of the rule based requirements, as specified by FCA regulations.
[7] Regulatory capital requirement is based on minimum requirements for well capitalized banks in accordance with the Office of the Comptroller of the Currency ("OCC").
[8] The Company sold AAH on October 1, 2019.

In addition to the particular regulations restricting dividend payments and establishing subsidiary capitalization requirements, we take into account the overall health of the business, capital levels and risk management considerations in determining a strategy for payments to our parent holding company from our subsidiaries, and in deciding to use cash to make capital contributions to our subsidiaries.

During the year ended December 31, 2019, the parent holding company received cash dividends or a return of capital from its subsidiaries of $2.7 billion and contributed cash to its subsidiaries of $368 million. During the year ended December 31, 2018, the parent holding company received cash dividends or a return of capital from its subsidiaries of $2.7 billion and contributed cash to its subsidiaries of $73 million.

The table below presents the historical subsidiary capacity for dividends and other distributions to the parent holding company in each of the years ended December 31:

	2019	2018	2017
		(in millions)	
RiverSource Life [1]	$ 1,676	$ 958	$ 700
Ameriprise Bank, FSB	20	4	5
ACC [2]	96	25	37
CMIA	368	395	388
CMIS	48	39	25
Ameriprise International Holdings GmbH	231	446	367
Ameriprise Trust Company	3	6	4
Ameriprise Captive Insurance Company	54	64	64
RiverSource Distributors, Inc.	12	12	12
AMPF Holding Corporation	1,092	1,027	752
Total capacity	$ 3,600	$ 2,976	$ 2,354

[1] For RiverSource Life payments in excess of statutory unassigned funds require advance notice to the Minnesota Department of Commerce, RiverSource Life's primary regulator, and are subject to potential disapproval. In addition, dividends and other distributions whose fair market value, together with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of (1) the previous year's statutory net gain from operations or (2) 10% of the previous year-end statutory capital and surplus are referred to as "extraordinary dividends." Extraordinary dividends also require advance notice to the Minnesota Department of Commerce, and are subject to potential disapproval. For dividends exceeding these thresholds, RiverSource Life provided notice to the Minnesota Department of Commerce and received responses indicating that it did not object to the payment of these dividends. Total dividend capacity for RiverSource Life represents dividends paid during year ended December 31 along with any unpaid ordinary dividend capacity, subject to unassigned funds limitation.

[2] The dividend capacity for ACC is based on capital held in excess of regulatory requirements.

The following table presents cash dividends paid or return of capital to the parent holding company, net of cash capital contributions made by the parent holding company for the following subsidiaries for the years ended December 31:

	2019	2018	2017
		(in millions)	
RiverSource Life	$ 1,350	$ 750	$ 700
Ameriprise Bank, FSB	(260)	—	—
ACC	69	(33)	10
CMIA	286	308	298
CMIS	40	—	—
Ameriprise International Holdings GmbH [1]	116	393	109
Ameriprise Advisor Capital, LLC [2]	(84)	401	(70)
Ameriprise Captive Insurance Company	15	10	5
AMPF Holding Corporation	920	840	614
Total	$ 2,452	$ 2,669	$ 1,666

[1] Includes forgiveness of parent holding company debt of $81 million and $195 million for the years ended December 31, 2019 and 2018, respectively.

[2] In 2018, the amount includes $351 million from a securitized portfolio of advisor loans which were previously held at Ameriprise Advisor Capital, LLC. The securitization transaction eliminated in consolidation.

In 2009, RiverSource Life established an agreement to protect its exposure to Genworth Life Insurance Company ("GLIC") for its reinsured LTC. In 2016, substantial enhancements to this reinsurance protection agreement were finalized. The terms of these confidential provisions within the agreement have been shared, in the normal course of regular reviews, with our domiciliary regulator and rating agencies. GLIC is domiciled in Delaware, so in the event GLIC were subjected to rehabilitation or insolvency proceedings, such proceedings would be located in (and governed by) Delaware laws. Delaware courts have a long tradition of respecting commercial and reinsurance affairs, as well as contracts among sophisticated parties. Similar credit protections to what we have with GLIC have been tested and respected in Delaware and elsewhere in the United States, and as a result we believe our credit protections would be respected even in the unlikely event that GLIC becomes subject to rehabilitation or insolvency proceedings in Delaware. Accordingly, while no credit protections are perfect, we believe the correct way to think about the risks represented by our counterparty credit exposure to GLIC is not the full amount of the gross liability that GLIC reinsures, but a much smaller net exposure to GLIC (if any that might exist after taking into account our credit protections). Thus, management believes that our agreement and offsetting non LTC legacy arrangements with Genworth will enable RiverSource Life to recover on all net exposure in all material respects in the event of a rehabilitation or insolvency of GLIC.

Dividends Paid to Shareholders and Share Repurchases

We paid regular quarterly dividends to our shareholders totaling $518 million and $516 million for the years ended December 31, 2019 and 2018, respectively. On January 29, 2020, we announced a quarterly dividend of $0.97 per common share. The dividend will be paid on February 28, 2020 to our shareholders of record at the close of business on February 14, 2020.

In April 2017, our Board of Directors authorized us to repurchase up to $2.5 billion of our common stock through June 30, 2019, which was exhausted in the second quarter of 2019. In February 2019, our Board of Directors authorized an additional repurchase up to $2.5 billion of our common stock through March 31, 2021. As of December 31, 2019, we had $1.1 billion remaining under this share repurchase authorization. We intend to fund share repurchases through existing working capital, future earnings and other customary financing methods. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means. During the year ended December 31, 2019, we repurchased a total of 13.4 million shares of our common stock at an average price of $141.87 per share.

Cash Flows

Cash flows of CIEs and restricted and segregated cash are reflected in our cash flows provided by (used in) operating activities, investing activities and financing activities. Cash held by CIEs is not available for general use by Ameriprise Financial, nor is Ameriprise Financial cash available for general use by its CIEs. Cash segregated under federal and other regulations is held for the exclusive benefit of our brokerage customers and is not available for general use by Ameriprise Financial.

Operating Activities

Net cash provided by operating activities decreased $256 million to $2.3 billion for the year ended December 31, 2019 compared to $2.6 billion for the prior year primarily reflecting a $375 million decrease in cash from changes in restricted and segregated investments, a $264 million decrease in cash from changes in brokerage deposits and a $100 million payment to an affinity partner in connection with the sale of AAH, partially offset by changes in receivables.

Net cash provided by operating activities increased $1.1 billion to $2.6 billion for the year ended December 31, 2018 compared to $1.5 billion for the prior year primarily due to an $847 million increase in cash from changes in restricted and segregated investments and lower cash outflows related to derivatives.

Investing Activities

Our investing activities primarily relate to our Available-for-Sale investment portfolio. Further, this activity is significantly affected by the net flows of our investment certificate, fixed annuity and universal life products reflected in financing activities.

Net cash used in investing activities increased $2.6 billion to $3.2 billion for the year ended December 31, 2019 compared to $587 million for the prior year primarily reflecting a $3.6 billion increase in cash used for purchases of Available-for-Sale securities, a $193 million decrease in proceeds from sales of Available-for-Sale securities, a $635 million decrease in net cash flows related to investments of consolidated investment entities, a $251 million decrease in cash related to the fixed annuities reinsurance arrangement and a $138 million decrease to cash related to written options with deferred premiums, partially offset by a $1.5 billion increase in proceeds from maturities, sinking fund payments and calls of Available-for-Sale securities and $934 million in proceeds from the sale of AAH, net of cash and cash equivalents sold of $204 million. See Note 19 to our Consolidated Financial Statements for additional information on the sale of AAH.

Net cash used in investing activities increased $416 million to $587 million for the year ended December 31, 2018 compared to $171 million for the prior year primarily due to a $2.9 billion increase in cash used for purchases of Available-for-Sale securities, a $404 million decrease in cash proceeds from sales, maturities and repayments of mortgage loans reflecting the sale of our remaining consumer loans in 2017 and a $134 million increase in purchases of other investments, partially offset by a $1.8 billion increase in proceeds from maturities, sinking fund payments and calls of Available-for-Sale securities, a $244 million decrease in funding of mortgage loans, a $393 million increase in cash proceeds from sales, maturities and collections of other investments driven by proceeds from certificates of deposit, and a $594 million increase in net cash related to changes in investments of CIEs.

Financing Activities

Net cash provided by financing activities was $1.2 billion for the year ended December 31, 2019 compared to net cash used in financing activities of $1.3 billion for the prior year primarily reflecting a $3.8 billion increase in net cash inflows from banking deposits, proceeds of $497 million from issuance of debt and a $508 million decrease in net cash outflows related to CIE debt, partially offset by a $1.9 billion decrease in cash related to investment certificates due to certificate net outflows, repayment of $300 million of our senior notes in June 2019 and a $313 million increase in share repurchases.

Net cash used in financing activities decreased $522 million to $1.3 billion for the year ended December 31, 2018 compared to $1.8 billion for the prior year primarily due to a $1.5 billion increase in cash proceeds from investment certificates and a $138 million increase in cash received from purchased options with deferred premiums, partially offset by a $483 million increase in cash used for maturities, withdrawals and surrenders of investment certificates, a $474 million decrease in net cash related to changes in debt of CIEs and a $145 million increase in cash used to repurchase common shares.

Contractual Commitments

The contractual obligations identified in the table below include both our on and off-balance sheet transactions that represent material expected or contractually committed future obligations. The table excludes obligations of CIEs as they are not direct obligations of the Company and have recourse only to the assets of the CIEs. Estimated cash payments due by period as of December 31, 2019 were as follows:

	Total	2020	2021-2022	2023-2024	2025 and Thereafter
			(in millions)		
Balance Sheet					
Senior notes [1]	$ 3,050	$ 750	$ 500	$ 1,300	$ 500
Insurance and annuities [2]	48,321	2,093	3,998	3,737	38,493
Investment certificates [3]	7,522	7,198	324	—	—
Deferred premium options [4]	1,117	214	356	196	351
Lease obligations	300	61	98	73	68
Affordable housing and other real estate partnerships [5]	22	14	4	2	2
Off-Balance Sheet					
Purchase obligations [6]	779	296	276	105	102
Interest on senior notes [7]	350	88	148	89	25
Interest on lease obligations	32	8	14	6	4
Total	$ 61,493	$ 10,722	$ 5,718	$ 5,508	$ 39,545

(1) See Note 14 to our Consolidated Financial Statements for more information about our long-term debt.
(2) These scheduled payments are represented by reserves of approximately $30.5 billion at December 31, 2019 and are based on interest credited, mortality, morbidity, lapse, surrender and premium payment assumptions. The estimated payments are presented gross before reinsurance. The scheduled payments are undiscounted and exceed the corresponding liability at December 31, 2019. Actual payment obligations may differ if experience varies from these assumptions. As of December 31, 2019, the projected period for which cash payments will be made is 40 years. Separate account liabilities have been excluded as associated contractual obligations would be met by separate account assets.
(3) The payments due by year are based on contractual term maturities. However, contractholders have the right to redeem the investment certificates earlier and at their discretion subject to surrender charges, if any. Redemptions are most likely to occur in periods of substantial increases in interest rates.
(4) The fair value of these commitments included on the Consolidated Balance Sheets was $1.0 billion as of December 31, 2019. See Note 17 to our Consolidated Financial Statements for more information about our deferred premium options.
(5) Call dates for the obligations presented are either date or event specific. For date specific obligations, we are required to fund a specific amount on a stated date provided there are no defaults under the agreement. For event specific obligations, we are required to fund a specific amount of its capital commitment when properties in a fund become fully stabilized. For event specific obligations, the estimated call date of these commitments is used in the table above.
(6) Purchase obligations include the minimum contractual amounts by period under contracts that were in effect at December 31, 2019. Many of the purchase agreements giving rise to these purchase obligations include termination clauses that may require payment of termination fees if the agreements are terminated by us without cause prior to their stated expiration; however, the table reflects the amounts to be paid assuming the contracts are not terminated.
(7) Interest on senior notes was estimated based on rates in effect as of December 31, 2019.

In addition to the contractual commitments outlined in the table above, we periodically fund the employees' defined benefit plans. In 2020, we expect to contribute $16 million to our pension plans and $1 million to our defined benefit postretirement plans. See Note 25 to our Consolidated Financial Statements for additional information.

Total funding commitments related to loans and private funds, which are not included in the table above due to uncertainty with respect to timing of future cash flows, were $61 million and $12 million, respectively, at December 31, 2019. For additional information relating to these contractual commitments, see Note 26 to our Consolidated Financial Statements.

Off-Balance Sheet Arrangements

We provide asset management services to investment entities which are considered to be VIEs, such as CLOs, hedge funds, property funds and other private funds, which are sponsored by us. We consolidate certain CLOs. We have determined that consolidation is not required for hedge funds, property funds and other private funds, which are sponsored by us. Our maximum exposure to loss with respect to our investment in these non-consolidated entities is limited to our carrying value and future funding commitments that are legally binding. Other than future funding commitments that are legally binding, we have no obligation to provide further financial or other support to these investment entities nor have we provided any support to these investment entities. See Note 5 and Note 26 to our Consolidated Financial Statements for additional information on our arrangements with these investment entities.

Forward-Looking Statements

This report contains forward-looking statements that reflect management's plans, estimates and beliefs. Actual results could differ materially from those described in these forward-looking statements. Examples of such forward-looking statements include:

- statements of the Company's plans, intentions, positioning, expectations, objectives or goals, including those relating to asset flows, mass affluent and affluent client acquisition strategy, client retention and growth of our client base, financial advisor

productivity, retention, recruiting and enrollments, the introduction, cessation, terms or pricing of new or existing products and services, acquisition integration, benefits and claims expenses, general and administrative costs, consolidated tax rate, return of capital to shareholders, debt repayment and excess capital position and financial flexibility to capture additional growth opportunities;

- other statements about future economic performance, the performance of equity markets and interest rate variations and the economic performance of the United States and of global markets; and
- statements of assumptions underlying such statements.

The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely,” “forecast,” “on pace,” “project” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements.

Such factors include, but are not limited to:

- conditions in the interest rate, credit default, equity market and foreign exchange environments, including changes in valuations, liquidity and volatility;
- changes in and the adoption of relevant accounting standards and securities rating agency standards and processes, as well as changes in the litigation and regulatory environment, including ongoing legal proceedings and regulatory actions, the frequency and extent of legal claims threatened or initiated by clients, other persons and regulators, and developments in regulation and legislation, including the rules and regulations implemented or that may be implemented or modified in connection with banking supervision and bank holding company and related laws and regulations or in light of state-based and other fiduciary rules, the SEC best interest standards, or similar rulemaking or standards such as the Certified Financial Planner Board standards pertaining to the fiduciary status and other attributes of investment advice providers to 401(k) plans, plan sponsors, plan participants and the holders of individual retirement or health savings accounts and related issues;
- investment management performance and distribution partner and consumer acceptance of the Company’s products;
- effects of competition in the financial services industry, including pricing pressure, the introduction of new products and services and changes in product distribution mix and distribution channels;
- changes to the Company’s reputation that may arise from employee or advisor misconduct or error, legal or regulatory actions, cybersecurity incidents, perceptions of the financial services industry generally, improper management of conflicts of interest or otherwise;
- the Company’s capital structure, including indebtedness, limitations on subsidiaries to pay dividends, and the extent, manner, terms and timing of any share or debt repurchases management may effect as well as the opinions of rating agencies and other analysts and the reactions of market participants or the Company’s regulators, advisors, distribution partners or customers in response to any change or prospect of change in any such opinion;
- changes to the availability and cost of liquidity and the Company’s credit capacity that may arise due to shifts in market conditions, the Company’s credit ratings and the overall availability of credit;
- the elimination of LIBOR and the unknown transition to alternative rates over the next two years;
- risks of default, capacity constraint or repricing by issuers or guarantors of investments the Company owns or by counterparties to hedge, derivative, insurance or reinsurance arrangements or by manufacturers of products the Company distributes, experience deviations from the Company’s assumptions regarding such risks, the evaluations or the prospect of changes in evaluations of any such third parties published by rating agencies or other analysts, and the reactions of other market participants or the Company’s regulators, advisors, distribution partners or customers in response to any such evaluation or prospect of changes in evaluation;
- experience deviations from the Company’s assumptions regarding morbidity, mortality, persistency and premium rate increases in certain annuity and insurance products (including, but not limited to, variable annuities and long term care policies), or from assumptions regarding market returns assumed in valuing or unlocking DAC and DSIC or market volatility underlying the Company’s valuation and hedging of guaranteed benefit annuity riders, or from assumptions regarding interest rates or asset yield assumed in the Company's loss recognition testing of its long term care business;
- changes in capital requirements that may be indicated, required or advised by regulators or rating agencies;
- the impacts of the Company’s efforts to improve distribution economics and to grow third-party distribution of its products;
- the ability to pursue and complete strategic transactions and initiatives, including acquisitions, divestitures, restructurings, joint ventures and the development of new products and services;
- the ability to realize the financial, operating and business fundamental benefits of strategic transactions and initiatives the Company has completed, is pursuing or may pursue in the future, which may be impacted by the ability to obtain regulatory approvals, the ability to effectively manage related expenses and by market, business partner and consumer reactions to such strategic transactions and initiatives;
- the ability and timing to realize savings and other benefits from re-engineering and tax planning;
- interruptions or other failures in the Company’s communications, technology and other operating systems, including errors or failures caused by third-party service providers, interference or failures caused by third party attacks on the Company’s

systems (or other cybersecurity incidents), or the failure to safeguard the privacy or confidentiality of sensitive information and data on such systems; and

- general economic and political factors, including consumer confidence in the economy and the financial industry, the ability and inclination of consumers generally to invest as well as their ability and inclination to invest in financial instruments and products other than cash and cash equivalents, the costs of products and services the Company consumes in the conduct of its business, and applicable legislation and regulation and changes therein (such as the ongoing negotiations and disruption following the June 2016 UK referendum on membership in the European Union), including tax laws, tax treaties, fiscal and central government treasury policy, and policies regarding the financial services industry and publicly-held firms, and regulatory rulings and pronouncements.

Management cautions the reader that the foregoing list of factors is not exhaustive. There may also be other risks that management is unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Management undertakes no obligation to update publicly or revise any forward-looking statements.

Ameriprise Financial announces financial and other information to investors through the Company's investor relations website at ir.ameriprise.com, as well as SEC filings, press releases, public conference calls and webcasts. Investors and others interested in the company are encouraged to visit the investor relations website from time to time, as information is updated and new information is posted. The website also allows users to sign up for automatic notifications in the event new materials are posted. The information found on the website is not incorporated by reference into this report or in any other report or document the Company furnishes or files with the SEC.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Our primary market risk exposures are interest rate, equity price, foreign currency exchange rate and credit risk. Equity price and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the spread income generated on our fixed deferred annuities, fixed insurance, brokerage client cash balances, banking deposits, face-amount certificate products and the fixed portion of our variable annuities and variable insurance contracts, the value of DAC and DSIC assets, the value of liabilities for guaranteed benefits associated with our variable annuities and the value of derivatives held to hedge these benefits.

RiverSource Life has the following variable annuity guarantee benefits: guaranteed minimum withdrawal benefits ("GMWB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum death benefits ("GMDB") and guaranteed minimum income benefits ("GMIB"). Each of these benefits guarantees payouts to the annuity holder under certain specific conditions regardless of the performance of the underlying invested assets.

The variable annuity guarantees continue to be managed by utilizing a hedging program which attempts to match the sensitivity of the assets with the sensitivity of the liabilities. This approach works with the premise that matched sensitivities will produce a highly effective hedging result. Our comprehensive hedging program focuses mainly on first order sensitivities of assets and liabilities: Equity Market Level (Delta), Interest Rate Level (Rho) and Volatility (Vega). Additionally, various second order sensitivities are managed. We use various options (equity index, interest rate swaptions, etc.), swaps (interest rate, total return, etc.) and futures to manage risk exposures. The exposures are measured and monitored daily, and adjustments to the hedge portfolio are made as necessary.

We have a macro hedge program to provide protection against the statutory tail scenario risk arising from variable annuity reserves on our statutory surplus and to cover some of the residual risks not covered by other hedging activities. We assess the residual risk under a range of scenarios in creating and executing the macro hedge program. As a means of economically hedging these risks, we may use a combination of futures, options, swaps and swaptions. Certain of the macro hedge derivatives used contain settlement provisions linked to both equity returns and interest rates; the remaining are interest rate contracts or equity contracts. The macro hedge program could result in additional earnings volatility as changes in the value of the macro hedge derivatives, which are designed to reduce statutory capital volatility, may not be closely aligned to changes in the variable annuity guarantee embedded derivatives.

To evaluate interest rate and equity price risk we perform sensitivity testing which measures the impact on pretax income from the sources listed below for a 12-month period following a hypothetical 100 basis point increase in interest rates or a hypothetical 10% decline in equity prices. The interest rate risk test assumes a sudden 100 basis point parallel shift in the yield curve, with rates then staying at those levels for the next 12 months. The equity price risk test assumes a sudden 10% drop in equity prices, with equity prices then staying at those levels for the next 12 months. In estimating the values of variable annuity riders, indexed annuities, stock market certificates, IUL insurance and the associated hedge assets, we assume no change in implied market volatility despite the 10% drop in equity prices.

The following tables present our estimate of the impact on pretax income from the above defined hypothetical market movements as of December 31, 2019:

Equity Price Decline 10%	Equity Price Exposure to Pretax Income		
	Before Hedge Impact	Hedge Impact	Net Impact
	(in millions)		
Asset-based management and distribution fees [1]	$ (263)	$ 4	$ (259)
DAC and DSIC amortization [2][3]	(33)	—	(33)
Variable annuity riders:			
GMDB and GMIB [3]	(11)	—	(11)
GMWB [3]	(378)	306	(72)
GMAB	(26)	25	(1)
DAC and DSIC amortization [4]	N/A	N/A	16
Total variable annuity riders	(415)	331	(68)
Macro hedge program [5]	—	256	256
Indexed annuities	7	(5)	2
Certificates	3	(3)	—
IUL insurance	79	(67)	12
Total	$ (622)	$ 516	$ (90) [6]

Interest Rate Increase 100 Basis Points	Interest Rate Exposure to Pretax Income		
	Before Hedge Impact	Hedge Impact	Net Impact
	(in millions)		
Asset-based management and distribution fees [1]	$ (49)	$ —	$ (49)
Variable annuity riders:			
GMDB and GMIB	—	—	—
GMWB	1,228	(1,394)	(166)
GMAB	22	(25)	(3)
DAC and DSIC amortization [4]	N/A	N/A	25
Total variable annuity riders	1,250	(1,419)	(144)
Macro hedge program [5]	—	(6)	(6)
Fixed annuities, fixed insurance and fixed portion of variable annuities and variable insurance products	57	—	57
Banking deposits	20	—	20
Brokerage client cash balances	129	—	129
Indexed annuities	(1)	—	(1)
Certificates	13	—	13
IUL insurance	15	3	18
Total	$ 1,434	$ (1,422)	$ 37

N/A Not Applicable.

[1] Excludes incentive income which is impacted by market and fund performance during the period and cannot be readily estimated.
[2] Market impact on DAC and DSIC amortization resulting from lower projected profits.
[3] In estimating the impact to pretax income on DAC and DSIC amortization and additional insurance benefit reserves, our assumed equity asset growth rates reflect what management would follow in its mean reversion guidelines.
[4] Market impact on DAC and DSIC amortization related to variable annuity riders is modeled net of hedge impact.
[5] The market impact of the macro hedge program is modeled net of any related impact to DAC and DSIC amortization.
[6] Represents the net impact to pretax income. The estimated net impact to pretax adjusted operating income is $(259) million.

The above results compare to an estimated negative net impact to pretax income of $213 million related to a 10% equity price decline and an estimated positive net impact to pretax income of $25 million related to a 100 basis point increase in interest rates as of December 31, 2018. Our previous disclosure estimating the impact from a 100 basis point increase in interest rates as of December 31, 2018 was $541 million and did not reflect mitigation enhancements made to our hedge programs and overstated the

impact to IUL insurance. The change in equity price exposure as of December 31, 2019 compared to prior year-end was driven by a larger estimated positive impact from our macro hedge program, which has been expanded.

Net impacts shown in the above table from GMWB riders result largely from differences between the liability valuation basis and the hedging basis. Liabilities are valued using fair value accounting principles, with risk margins incorporated in contractholder behavior assumptions and with discount rates increased to reflect a current market estimate of our risk of nonperformance specific to these liabilities. Our hedging is based on our determination of economic risk, which excludes certain items in the liability valuation including the nonperformance spread risk.

Actual results could differ materially from those illustrated above as they are based on a number of estimates and assumptions. These include assuming that implied market volatility does not change when equity prices fall by 10% and that the 100 basis point increase in interest rates is a parallel shift of the yield curve. Furthermore, we have not tried to anticipate changes in client preferences for different types of assets or other changes in client behavior, nor have we tried to anticipate all strategic actions management might take to increase revenues or reduce expenses in these scenarios.

The selection of a 100 basis point interest rate increase as well as a 10% equity price decline should not be construed as a prediction of future market events. Impacts of larger or smaller changes in interest rates or equity prices may not be proportional to those shown for a 100 basis point increase in interest rates or a 10% decline in equity prices.

Asset-Based Management and Distribution Fees

We earn asset-based management fees and distribution fees on our assets under management. As of December 31, 2019, the value of our assets under management was $778.1 billion. These sources of revenue are subject to both interest rate and equity price risk since the value of these assets and the fees they earn fluctuate inversely with interest rates and directly with equity prices. We do not currently hedge the interest rate or equity price risk of this exposure.

DAC and DSIC Amortization

For annuity and UL/VUL products, DAC and DSIC are amortized on the basis of EGPs. EGPs are a proxy for pretax income prior to the recognition of DAC and DSIC amortization expense. When events occur that reduce or increase current period EGPs, DAC and DSIC amortization expense is typically reduced or increased as well, somewhat mitigating the impact of the event on pretax income.

Variable Annuity Riders

The total contract value of all variable annuities as of December 31, 2019 was $80.1 billion. These contract values include GMWB and GMAB contracts which were $48.8 billion and $2.5 billion, respectively, as of December 31, 2019. As of December 31, 2019, reserves for GMWB were net liabilities of $1.5 billion and reserves for GMAB were net assets of $39 million. The GMWB and GMAB reserves include the fair value of embedded derivatives, which fluctuates based on equity, interest rate and credit markets which can cause these embedded derivatives to be either an asset or a liability. As of December 31, 2019, the reserve for GMDB and GMIB was a net liability of $23 million.

Equity Price Risk

The variable annuity guaranteed benefits guarantee payouts to the annuity holder under certain specific conditions regardless of the performance of the investment assets. For this reason, when equity prices decline, the returns from the separate account assets coupled with guaranteed benefit fees from annuity holders may not be sufficient to fund expected payouts. In that case, reserves must be increased with a negative impact to earnings.

The core derivative instruments with which we hedge the equity price risk of our GMWB and GMAB provisions are longer dated put and call options; these core instruments are supplemented with equity futures and total return swaps. See Note 17 to our Consolidated Financial Statements for further information on our derivative instruments.

Interest Rate Risk

The GMAB and the non-life contingent benefits associated with the GMWB provisions create embedded derivatives which are carried at fair value separately from the underlying host variable annuity contract. Changes in the fair value of the GMWB and GMAB liabilities are recorded through earnings with fair value calculated based on projected, discounted cash flows over the life of the contract, including projected, discounted benefits and fees. Increases in interest rates reduce the fair value of the GMWB and GMAB liabilities. The GMWB and GMAB interest rate exposure is hedged with a portfolio of longer dated put and call options, interest rate swaps and swaptions. We have entered into interest rate swaps according to risk exposures along maturities, thus creating both fixed rate payor and variable rate payor terms. If interest rates were to increase, we would have to pay more to the swap counterparty, and the fair value of our equity puts would decrease, resulting in a negative impact to our pretax income.

Fixed Annuities, Fixed Insurance and Fixed Portion of Variable Annuities and Variable Insurance Contracts

Our earnings from fixed deferred annuities, fixed insurance, and the fixed portion of variable annuities and variable insurance contracts are based upon the spread between rates earned on assets held and the rates at which interest is credited to accounts. We primarily invest in fixed rate securities to fund the rate credited to clients. We guarantee an interest rate to the holders of these products. Investment assets and client liabilities generally differ as it relates to basis, repricing or maturity characteristics. Rates credited to clients' accounts generally reset at shorter intervals than the yield on the underlying investments. Therefore, in an increasing interest rate environment, higher interest rates may be reflected in crediting rates to clients sooner than in rates earned on invested assets, which could result in a reduced spread between the two rates, reduced earned income and a negative impact on pretax

income. However, the current low interest rate environment is resulting in interest rates below the level of some of our liability guaranteed minimum interest rates ("GMIRs"). Hence, a modest rise in interest rates would not necessarily result in changes to all the liability credited rates while projected asset purchases would capture the full increase in interest rates. This dynamic would result in widening spreads under a modestly rising rate scenario given the current relationship between the current level of interest rates and the underlying GMIRs on the business. Of the $30.5 billion in policyholder account balances, future policy benefits and claims on our Consolidated Balance Sheets as of December 31, 2019, $16.2 billion is related to liabilities created by these products. We do not hedge this exposure.

As a result of the low interest rate environment, our current reinvestment yields are generally lower than the current portfolio yield. We expect our portfolio income yields to continue to decline in future periods if interest rates remain low. The carrying value and weighted average yield of non-structured fixed maturity securities and commercial mortgage loans that may generate proceeds to reinvest through 2021 due to prepayment, maturity or call activity at the option of the issuer, excluding securities with a make-whole provision, were $4.1 billion and 3.0%, respectively, as of December 31, 2019. In addition, residential mortgage backed securities, which are subject to prepayment risk as a result of the low interest rate environment, totaled $10.0 billion and had a weighted average yield of 2.7% as of December 31, 2019. While these amounts represent investments that could be subject to reinvestment risk, it is also possible that these investments will be used to fund liabilities or may not be prepaid and will remain invested at their current yields. In addition to the interest rate environment, the mix of benefit payments versus product sales as well as the timing and volumes associated with such mix may impact our investment yield. Furthermore, reinvestment activities and the associated investment yield may also be impacted by corporate strategies implemented at management's discretion. The average yield for investment purchases during the year ended December 31, 2019 was approximately 2.7%.

The reinvestment of proceeds from maturities, calls and prepayments at rates below the current portfolio yield, which may be below the level of some liability GMIRs, will have a negative impact to future operating results. To mitigate the unfavorable impact that the low interest rate environment has on our spread income, we assess reinvestment risk in our investment portfolio and monitor this risk in accordance with our asset/liability management framework. In addition, we may reduce the crediting rates on our fixed products when warranted, subject to guaranteed minimums.

The following table presents the account values of fixed deferred annuities, fixed insurance, and the fixed portion of variable annuities and variable insurance contracts by range of GMIRs and the range of the difference between rates credited to policyholders and contractholders as of December 31, 2019 and the respective guaranteed minimums, as well as the percentage of account values subject to rate reset in the time period indicated. Rates are reset at our discretion, subject to guaranteed minimums.

	Account Values with Crediting Rates				
	At Guaranteed Minimum	1-49 bps above Guaranteed Minimum	50-99 bps above Guaranteed Minimum	100-150 bps above Guaranteed Minimum	Total
	(in billions, except percentages)				
Range of Guaranteed Minimum Crediting Rates					
1% - 1.99%	$ 0.9	$ 0.5	$ 0.4	$ 0.1	$ 1.9
2% - 2.99%	0.5	—	—	—	0.5
3% - 3.99%	8.0	—	—	—	8.0
4% - 5.00%	5.5	—	—	—	5.5
Total	$ 14.9	$ 0.5	$ 0.4	$ 0.1	$ 15.9
Percentage of Account Values That Reset In:					
Next 12 months [1]	100%	85%	58%	90%	98%
> 12 months to 24 months [2]	—	6	17	—	1
> 24 months [2]	—	9	25	10	1
Total	100%	100%	100%	100%	100%

[1] Includes contracts with annual discretionary crediting rate resets and contracts with 12 or less months until the crediting rate becomes discretionary on an annual basis.
[2] Includes contracts with more than 12 months remaining until the crediting rate becomes an annual discretionary rate.

Equity Indexed Annuities

Our equity indexed annuity ("EIA") product is a single premium annuity issued with an initial term of seven years. The annuity guarantees the contractholder a minimum return of 3% on 90% of the initial premium or end of prior term accumulation value upon renewal plus a return that is linked to the performance of the S&P 500® Index. The equity-linked return is based on a participation rate initially set at between 50% and 90% of the S&P 500® Index, which is guaranteed for the initial seven-year term when the contract is held to full term. As of December 31, 2019, we had $18 million in liabilities related to EIAs. We discontinued new sales of EIAs in 2007.

Equity Price Risk

The equity-linked return to investors creates equity price risk as the amount credited depends on changes in equity prices. To hedge this exposure, we purchase futures, which generate returns to replicate what we must credit to client accounts.

Interest Rate Risk

Most of the proceeds received from EIAs are invested in fixed income securities with the return on those investments intended to fund the 3% guarantee. We earn income from the difference between the return earned on invested assets and the 3% guarantee rate credited to customer accounts. The spread between return earned and amount credited is affected by changes in interest rates. This risk is not currently hedged and was immaterial as of December 31, 2019.

Fixed Index Annuities

The Company's fixed index annuity product is a fixed annuity that includes an indexed account. The rate of interest credited above the minimum guarantee for funds allocated to the indexed account is linked to the performance of the specific index for the indexed account (subject to a cap). We offer S&P 500® Index and MSCI® EAFE Index account options. Both options offer two crediting durations, one-year and two-year. The contractholder may allocate all or a portion of the policy value to a fixed or indexed account. The contractholder can choose to add a GMWB for life rider for an additional fee. As of December 31, 2019, we had $291 million in liabilities related to fixed index annuities.

Equity Price Risk

The equity-linked return to investors creates equity price risk as the amount credited depends on changes in equity prices. Most of the proceeds received from fixed index annuities are invested in fixed income securities. To hedge the equity exposure, a portion of the investment earnings received from the fixed income securities is used to purchase call spreads and futures which generate returns to replicate what we must credit to client accounts.

Interest Rate Risk

As mentioned above, most of the proceeds received from fixed index annuities are invested in fixed income securities with the return on those investments intended to fund the purchase of call spreads. There are two risks relating to interest rates. First, we have the risk that investment returns are such that we do not have enough investment income to purchase the needed call spreads. Second, in the event the policy is surrendered, we pay out a book value surrender amount and there is a risk that we will incur a loss upon having to sell the fixed income securities backing the liability (if interest rates have risen). This risk is not currently hedged.

Banking Deposits and Brokerage Client Cash Balances

We pay interest on banking deposits and certain brokerage client cash balances and have the ability to reset these rates from time to time based on prevailing economic and business conditions. We earn revenue to fund the interest paid from interest-earning assets or fees from off-balance sheet deposits at FDIC insured institutions, which are indexed to short-term interest rates. In general, the change in interest paid lags the change in revenues earned.

Certificate Products

Fixed Rate Certificates

We have interest rate risk from our investment certificates generally ranging in amounts from $1,000 to $2 million with interest crediting rate terms ranging from three to 48 months. We guarantee an interest rate to the holders of these products. Payments collected from clients are primarily invested in fixed income securities to fund the client credited rate with the spread between the rate earned from investments and the rate credited to clients recorded as earned income. Client liabilities and investment assets generally differ as it relates to basis, repricing or maturity characteristics. Rates credited to clients generally reset at shorter intervals than the yield on underlying investments. This exposure is not currently hedged although we monitor our investment strategy and make modifications based on our changing liabilities and the expected interest rate environment. Of the $14.4 billion in customer deposits as of December 31, 2019, $7.0 billion related to reserves for our fixed rate certificate products.

Stock Market Certificates

Stock market certificates are purchased for amounts generally from $1,000 to $2 million for terms of 52 weeks, 104 weeks or 156 weeks, which can be extended to a maximum of 15 years depending on the term. For each term the certificate holder can choose to participate 100% in any percentage increase in the S&P 500® Index up to a maximum return or choose partial participation in any increase in the S&P 500 Index plus a fixed rate of interest guaranteed in advance. If partial participation is selected, the total of equity-linked return and guaranteed rate of interest cannot exceed the maximum return. Liabilities for our stock market certificates are included in customer deposits on our Consolidated Balance Sheets. As of December 31, 2019, we had $463 million in reserves related to stock market certificates. The equity-linked return to investors creates equity price risk exposure. We seek to minimize this exposure with purchased futures and call spreads that replicate what we must credit to client accounts. This risk continues to be fully hedged. Stock market certificates have some interest rate risk as changes in interest rates affect the fair value of the payout to be made to the certificate holder. This risk is not currently hedged and was immaterial as of December 31, 2019.

Indexed Universal Life

IUL insurance is similar to UL in many regards, although the rate of credited interest above the minimum guarantee for funds allocated to an indexed account is linked to the performance of the specified index for the indexed account (subject to a cap and floor).

We offer an S&P 500® Index account option and a blended multi-index account option comprised of the S&P 500 Index, the MSCI® EAFE Index and the MSCI EM Index. Both options offer two crediting durations, one-year and two-year. The policyholder may allocate all or a portion of the policy value to a fixed or any available indexed account. As of December 31, 2019, we had $1.9 billion in liabilities related to the indexed accounts of IUL, with the vast majority in the S&P 500® Index account option.

Equity Price Risk

The equity-linked return to investors creates equity price risk as the amount credited depends on changes in equity prices. Most of the proceeds received from IUL insurance are invested in fixed income securities. To hedge the equity exposure, a portion of the investment earnings received from the fixed income securities is used to purchase call spreads which generate returns to replicate what we must credit to client accounts.

Interest Rate Risk

As mentioned above, most of the proceeds received from IUL insurance are invested in fixed income securities with the return on those investments intended to fund the purchase of call spreads. There are two risks relating to interest rates. First, we have the risk that investment returns are such that we do not have enough investment income to purchase the needed call spreads. Second, in the event the policy is surrendered we pay out a book value surrender amount and there is a risk that we will incur a loss upon having to sell the fixed income securities backing the liability (if interest rates have risen). This risk is not currently hedged.

Foreign Currency Risk

We have foreign currency risk through our net investment in foreign subsidiaries and our operations in foreign countries. We are primarily exposed to changes in British Pounds ("GBP") related to our net investment in Threadneedle, which was 578 million GBP as of December 31, 2019. Our primary exposure related to operations in foreign countries is to the GBP, the Euro and the Indian Rupee. We monitor the foreign exchange rates that we have exposure to and enter into foreign currency forward contracts to mitigate risk when economically prudent. As of December 31, 2019, the notional value of outstanding contracts and our remaining foreign currency risk related to operations in foreign countries were not material.

Interest Rate Risk on External Debt

The stated interest rate on the $3.1 billion of our senior unsecured notes is fixed. We entered into interest rate swap agreements to effectively convert the fixed interest rate on $0.4 billion of the senior unsecured notes to floating interest rates based on six-month LIBOR. We hedged the debt in part to better align the interest expense on debt with the interest earned on cash equivalents held on our Consolidated Balance Sheets. The net interest rate risk of these items is immaterial.

Credit Risk

We are exposed to credit risk within our investment portfolio, including our loan portfolio, and through our derivative and reinsurance activities. Credit risk relates to the uncertainty of an obligor's continued ability to make timely payments in accordance with the contractual terms of the financial instrument or contract. We consider our total potential credit exposure to each counterparty and its affiliates to ensure compliance with pre-established credit guidelines at the time we enter into a transaction which would potentially increase our credit risk. These guidelines and oversight of credit risk are managed through a comprehensive enterprise risk management program that includes members of senior management.

We manage the risk of credit-related losses in the event of nonperformance by counterparties by applying disciplined fundamental credit analysis and underwriting standards, prudently limiting exposures to lower-quality, higher-yielding investments, and diversifying exposures by issuer, industry, region and underlying investment type. We remain exposed to occasional adverse cyclical economic downturns during which default rates may be significantly higher than the long-term historical average used in pricing.

We manage our credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master netting arrangements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Generally, our current credit exposure on over-the-counter derivative contracts is limited to a derivative counterparty's net positive fair value of derivative contracts after taking into consideration the existence of netting arrangements and any collateral received. This exposure is monitored and managed to an acceptable threshold level.

The counterparty risk for centrally cleared over-the-counter derivatives is transferred to a central clearing party through contract novation. Because the central clearing party monitors open positions and adjusts collateral requirements daily, we have minimal credit exposure from such derivative instruments.

Exchange-traded derivatives are effected through regulated exchanges that require contract standardization and initial margin to transact through the exchange. Because exchange-traded futures are marked to market and generally cash settled on a daily basis, we have minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivative instruments. Other exchange-traded derivatives would be exposed to nonperformance by counterparties for amounts in excess of initial margin requirements only if the exchange is unable to fulfill the contract.

We manage our credit risk related to reinsurance treaties by evaluating the financial condition of reinsurance counterparties prior to entering into new reinsurance treaties. In addition, we regularly evaluate their financial strength during the terms of the treaties. As of December 31, 2019, our largest reinsurance credit risk is related to a LTC coinsurance treaty with life insurance subsidiaries of Genworth Financial, Inc. See Note 8 to our Consolidated Financial Statements for additional information on reinsurance.

Item 8. Financial Statements and Supplementary Data

Consolidated Financial Statements:

Report of Independent Registered Public Accounting Firm	90
Consolidated Statements of Operations — Years ended December 31, 2019, 2018 and 2017	93
Consolidated Statements of Comprehensive Income — Years ended December 31, 2019, 2018 and 2017	94
Consolidated Balance Sheets — December 31, 2019 and 2018	95
Consolidated Statements of Equity — Years ended December 31, 2019, 2018 and 2017	96
Consolidated Statements of Cash Flows — Years ended December 31, 2019, 2018 and 2017	97
Notes to Consolidated Financial Statements	99
1. Basis of Presentation	99
2. Summary of Significant Accounting Policies	99
3. Recent Accounting Pronouncements	108
4. Revenue from Contracts with Customers	111
5. Variable Interest Entities	115
6. Investments	120
7. Financing Receivables	123
8. Reinsurance	126
9. Goodwill and Other Intangible Assets	127
10. Deferred Acquisition Costs and Deferred Sales Inducement Costs	127
11. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities	128
12. Variable Annuity and Insurance Guarantees	130
13. Customer Deposits	132
14. Debt	133
15. Fair Values of Assets and Liabilities	134
16. Offsetting Assets and Liabilities	143
17. Derivatives and Hedging Activities	144
18. Leases	148
19. Disposal of Business	149
20. Share-Based Compensation	149
21. Shareholders' Equity	152
22. Earnings per Share	155
23. Regulatory Requirements	155
24. Income Taxes	156
25. Retirement Plans and Profit Sharing Arrangements	159
26. Commitments, Guarantees and Contingencies	163
27. Related Party Transactions	164
28. Segment Information	165
29. Quarterly Financial Data (Unaudited)	168

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Ameriprise Financial, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedules listed in the index appearing under Item 15 (a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) 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.

Valuation of the reserves for long term care policies

As described in Notes 2 and 11 to the consolidated financial statements, the total reserves for long term care policies was $5,302 million as of December 31, 2019, which is included in policyholder account balances, future policy benefits and claims on the consolidated balance sheet. Liabilities for estimates of benefits that will become payable on future claims on long term care policies are based on a gross premium valuation reflecting management's current best estimate assumptions. Management utilizes best estimate assumptions as of the date the policy is issued with provisions for the risk of adverse deviation, as appropriate. After the liabilities are initially established, management performs premium deficiency tests, using current best estimate assumptions. If a premium deficiency is recognized, the assumptions as of the date of the loss recognition are locked in and used in subsequent periods. In 2019, management's current best estimate assumptions included expected premium rate increases, benefit reductions, morbidity rates, policy persistency and interest rates earned on assets supporting the liability, and resulted in the recognition of a premium deficiency and losses of $8 million that were recorded through benefits, claims, losses and expenses.

The principal considerations for our determination that performing procedures relating to the valuation of the reserves for long term care policies is a critical audit matter are (i) there was significant judgment by management when developing the estimate of the long term care reserves, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the current best estimate assumptions, including expected premium rate increases, benefit reductions, morbidity rates, policy persistency and interest rates earned on assets supporting the liability, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the valuation of the reserves for long term care policies, including controls over the Company's development of the current best estimate assumptions. These procedures also included, among others, evaluating the reasonableness of the assumptions used, including expected premium rate increases, benefit reductions, morbidity rates, policy persistency and interest rates earned on assets supporting the liability, and testing the completeness and accuracy of underlying data used by management in the development of the current best estimate assumptions. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of management's current best estimate assumptions used in the valuation of reserves for long term care policies.

Valuation of the embedded derivatives in certain variable annuity riders

As described in Notes 2, 11, 12, and 15 to the consolidated financial statements, management values embedded derivatives attributable to the provisions of certain variable annuity riders using internal valuation models. As there is no active market for the transfer of these embedded derivatives, such models calculate fair value by discounting expected cash flows. As of December 31, 2019, the net embedded derivative liability in certain variable annuity riders was $763 million, and is included in policyholder account balances, future policy benefits and claims on the consolidated balance sheet. Management's discounted cash flow model for estimating fair value includes observable capital market assumptions and incorporates significant unobservable inputs related to implied volatility, non-performance risk and contractholder behavior assumptions that include margins for risk, all of which management believes an exit market participant would expect.

The principal considerations for our determination that performing procedures relating to the valuation of the embedded derivatives in certain variable annuity riders is a critical audit matter are (i) there was significant judgment and estimation by management when developing the fair value of the embedded derivatives in certain variable annuity riders, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence obtained relating to management's estimates and significant unobservable inputs related to implied volatility, non-performance risk and contractholder behavior assumptions that include margins for risk, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the valuation of embedded derivatives in certain variable annuity riders, including controls over the significant unobservable inputs. These procedures also included, among others, testing management's process for developing the fair value estimate, evaluating the reasonableness of the significant unobservable inputs related to implied volatility, non-performance risk and contractholder behavior assumptions that include margins for risk, and testing the completeness and accuracy of underlying data used by management in the development of the significant unobservable inputs. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of certain significant unobservable inputs related to implied volatility, non-performance risk and contractholder behavior assumptions that include margins for risk.

Valuation of certain guarantees on variable annuity and certain life insurance policies accounted for as insurance liabilities

As described in Notes 2, 11, and 12 to the consolidated financial statements, the Company issues universal life, variable universal life and variable annuity policies that have product features that are accounted for as insurance liabilities. The liability for these policies, which is included in policyholder account balances, future policy benefits and claims on the consolidated balance sheet, is determined using actuarial models to estimate the present value of the projected benefits in excess of account value and expected assessments.

Significant assumptions used by management in projecting the present value of future benefits and assessments include customer asset value growth rates, mortality, persistency, and investment margins, and additionally for variable annuity policies, benefit utilization.

The principal considerations for our determination that performing procedures relating to the valuation of certain guarantees on variable annuity and certain life insurance policies accounted for as insurance liabilities is a critical audit matter are (i) there was significant judgment by management when developing the estimate of certain guarantees on variable annuity and certain life insurance policies accounted for as insurance liabilities, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions, including customer asset value growth rates, mortality, persistency, benefit utilization and investment margins, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls related to the valuation of certain guarantees on variable annuity and certain life insurance policies accounted for as insurance liabilities, including controls over the development of the significant assumptions. These procedures also included, among others, testing management's process for developing the estimate, evaluating the reasonableness of the significant assumptions used, including customer asset value growth rates, mortality, persistency, benefit utilization and investment margins, and testing the completeness and accuracy of underlying data used by management in the development of the significant assumptions. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of management's significant assumptions, including customer asset value growth rates, mortality, persistency, benefit utilization and investment margins.

/s/ PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 26, 2020

We have served as the Company's auditor since 2010.

Ameriprise Financial, Inc.

Consolidated Statements of Operations

	Years Ended December 31,		
	2019	2018	2017
	(in millions, except per share amounts)		
Revenues			
Management and financial advice fees	$ 7,015	$ 6,776	$ 6,415
Distribution fees	1,919	1,877	1,757
Net investment income	1,463	1,596	1,509
Premiums	1,214	1,426	1,394
Other revenues	1,279	1,249	1,105
Gain on disposal of business	213	—	—
Total revenues	13,103	12,924	12,180
Banking and deposit interest expense	136	89	48
Total net revenues	12,967	12,835	12,132
Expenses			
Distribution expenses	3,810	3,637	3,397
Interest credited to fixed accounts	669	674	656
Benefits, claims, losses and settlement expenses	2,576	2,302	2,233
Amortization of deferred acquisition costs	179	322	267
Interest and debt expense	214	245	207
General and administrative expense	3,287	3,171	3,158
Total expenses	10,735	10,351	9,918
Pretax income	2,232	2,484	2,214
Income tax provision	339	386	734
Net income	$ 1,893	$ 2,098	$ 1,480
Earnings per share			
Basic	$ 14.12	$ 14.41	$ 9.60
Diluted	$ 13.92	$ 14.20	$ 9.44
Supplemental Disclosures:			
Total other-than-temporary impairment losses on securities	$ (29)	$ —	$ (1)
Portion of loss recognized in other comprehensive income (before taxes)	7	—	—
Net impairment losses recognized in net investment income	$ (22)	$ —	$ (1)

See Notes to Consolidated Financial Statements.

Ameriprise Financial, Inc.

Consolidated Statements of Comprehensive Income

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Net income	$ 1,893	$ 2,098	$ 1,480
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	17	(31)	(8)
Net unrealized gains (losses) on securities	556	(465)	7
Net unrealized gains (losses) on derivatives	(2)	—	3
Defined benefit plans	(18)	(23)	28
Other	—	—	(1)
Total other comprehensive income (loss), net of tax	553	(519)	29
Total comprehensive income	$ 2,446	$ 1,579	$ 1,509

See Notes to Consolidated Financial Statements.

Ameriprise Financial, Inc.

Consolidated Balance Sheets

	December 31,	
	2019	2018
	(in millions, except share amounts)	
Assets		
Cash and cash equivalents	$ 3,709	$ 2,931
Cash of consolidated investment entities	118	166
Investments	37,915	35,825
Investments of consolidated investment entities, at fair value	1,606	1,706
Separate account assets	87,488	77,925
Receivables	7,202	6,173
Receivables of consolidated investment entities, at fair value	8	12
Deferred acquisition costs	2,698	2,776
Restricted and segregated cash, cash equivalents and investments	2,386	2,910
Other assets	8,698	6,792
Total assets	$ 151,828	$ 137,216
Liabilities and Equity		
Liabilities:		
Policyholder account balances, future policy benefits and claims	$ 30,512	$ 30,124
Separate account liabilities	87,488	77,925
Customer deposits	14,430	11,545
Short-term borrowings	201	201
Long-term debt	3,097	2,867
Debt of consolidated investment entities, at fair value	1,628	1,743
Accounts payable and accrued expenses	1,884	1,862
Other liabilities	6,775	5,239
Other liabilities of consolidated investment entities, at fair value	84	122
Total liabilities	146,099	131,628
Equity:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 329,842,827 and 328,537,214, respectively)	3	3
Additional paid-in capital	8,461	8,260
Retained earnings	14,279	12,909
Treasury shares, at cost (205,903,593 and 192,206,467 shares, respectively)	(17,276)	(15,293)
Accumulated other comprehensive income (loss), net of tax	262	(291)
Total equity	5,729	5,588
Total liabilities and equity	$ 151,828	$ 137,216

See Notes to Consolidated Financial Statements.

Ameriprise Financial, Inc.

Consolidated Statements of Equity

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
				(in millions, except share data)			
Balances at January 1, 2017	154,759,904	$ 3	$ 7,765	$ 10,348	$ (12,027)	$ 200	$ 6,289
Comprehensive income:							
Net income	—	—	—	1,480	—	—	1,480
Other comprehensive income, net of tax	—	—	—	—	—	29	29
Total comprehensive income							1,509
Dividends to shareholders	—	—	—	(502)	—	—	(502)
Repurchase of common shares	(12,388,348)	—	—	—	(1,675)	—	(1,675)
Share-based compensation plans	4,263,108	—	320	—	54	—	374
Balances at December 31, 2017	146,634,664	3	8,085	11,326	(13,648)	229	5,995
Cumulative effect of adoption of equity securities guidance	—	—	—	1	—	(1)	—
Comprehensive income:							
Net income	—	—	—	2,098	—	—	2,098
Other comprehensive loss, net of tax	—	—	—	—	—	(519)	(519)
Total comprehensive income							1,579
Dividends to shareholders	—	—	—	(516)	—	—	(516)
Repurchase of common shares	(12,124,840)	—	—	—	(1,705)	—	(1,705)
Share-based compensation plans	1,820,923	—	175	—	60	—	235
Balances at December 31, 2018	136,330,747	3	8,260	12,909	(15,293)	(291)	5,588
Cumulative effect of adoption of premium amortization on purchased callable debt securities guidance	—	—	—	(5)	—	—	(5)
Comprehensive income:							
Net income	—	—	—	1,893	—	—	1,893
Other comprehensive income, net of tax	—	—	—	—	—	553	553
Total comprehensive income							2,446
Dividends to shareholders	—	—	—	(518)	—	—	(518)
Repurchase of common shares	(14,396,367)	—	—	—	(2,039)	—	(2,039)
Share-based compensation plans	2,004,854	—	201	—	56	—	257
Balances at December 31, 2019	123,939,234	$ 3	$ 8,461	$ 14,279	$ (17,276)	$ 262	$ 5,729

See Notes to Consolidated Financial Statements.

Ameriprise Financial, Inc.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Cash Flows from Operating Activities			
Net income	$ 1,893	$ 2,098	$ 1,480
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion, net	183	198	234
Deferred income tax expense (benefit)	(308)	25	156
Share-based compensation	135	144	121
Gain on disposal of business before affinity partner payment	(313)	—	—
Net realized investment (gains) losses	(16)	(9)	(50)
Net trading (gains) losses	(10)	(12)	(7)
Loss from equity method investments	95	63	100
Other-than-temporary impairments and provision for loan losses	22	—	—
Net (gains) losses of consolidated investment entities	9	(47)	5
Changes in operating assets and liabilities:			
Restricted and segregated investments	124	499	(348)
Deferred acquisition costs	(112)	4	(35)
Policyholder account balances, future policy benefits and claims, net	358	528	(441)
Derivatives, net of collateral	415	(144)	595
Receivables	324	(398)	(457)
Brokerage deposits	(519)	(255)	(198)
Accounts payable and accrued expenses	46	(100)	206
Other operating assets and liabilities of consolidated investment entities, net	(12)	29	—
Other, net	27	(26)	162
Net cash provided by (used in) operating activities	2,341	2,597	1,523
Cash Flows from Investing Activities			
Available-for-Sale securities:			
Proceeds from sales	242	435	454
Maturities, sinking fund payments and calls	8,202	6,738	4,957
Purchases	(11,911)	(8,346)	(5,419)
Proceeds from sales, maturities and repayments of mortgage loans	272	295	699
Funding of mortgage loans	(354)	(235)	(479)
Proceeds from sales, maturities and collections of other investments	276	722	329
Purchase of other investments	(288)	(653)	(519)
Purchase of investments by consolidated investment entities	(644)	(411)	(1,268)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	684	1,086	1,349
Purchase of land, buildings, equipment and software	(143)	(162)	(162)
Proceeds from disposal of business, net of cash and cash equivalents sold	934	—	—
Cash paid for written options with deferred premiums	(308)	(133)	(82)
Cash received from written options with deferred premiums	170	133	77
Cash paid for deposit receivable	(349)	—	—
Cash received for deposit receivable	98	—	—
Other, net	(115)	(56)	(107)
Net cash provided by (used in) investing activities	$ (3,234)	$ (587)	$ (171)

See Notes to Consolidated Financial Statements.

Ameriprise Financial, Inc.
Consolidated Statements of Cash Flows (Continued)

	Years Ended December 31,		
	2019	2018	2017
		(in millions)	
Cash Flows from Financing Activities			
Investment certificates:			
Proceeds from additions	$ 5,110	$ 6,238	$ 4,725
Maturities, withdrawals and cash surrenders	(5,489)	(4,745)	(4,262)
Policyholder account balances:			
Deposits and other additions	2,152	1,933	2,059
Net transfers from (to) separate accounts	(86)	(75)	(157)
Surrenders and other benefits	(1,728)	(1,904)	(1,893)
Change in banking deposits, net	3,788	—	—
Cash paid for purchased options with deferred premiums	(396)	(228)	(282)
Cash received from purchased options with deferred premiums	206	254	116
Issuance of long-term debt, net of issuance costs	497	—	—
Repayments of long-term debt	(313)	(13)	(11)
Dividends paid to shareholders	(504)	(506)	(491)
Repurchase of common shares	(1,943)	(1,630)	(1,485)
Exercise of stock options	3	2	15
Borrowings of consolidated investment entities	—	936	—
Repayments of debt by consolidated investment entities	(84)	(1,528)	(118)
Other, net	1	3	(1)
Net cash provided by (used in) financing activities	1,214	(1,263)	(1,785)
Effect of exchange rate changes on cash	9	(8)	35
Net increase (decrease) in cash and cash equivalents, including amounts restricted	330	739	(398)
Cash and cash equivalents, including amounts restricted at beginning of period	5,883	5,144	5,542
Cash and cash equivalents, including amounts restricted at end of period	$ 6,213	$ 5,883	$ 5,144
Supplemental Disclosures:			
Interest paid excluding consolidated investment entities	$ 272	$ 221	$ 181
Interest paid by consolidated investment entities	84	120	88
Income taxes paid, net	609	538	418
Leased assets obtained in exchange for finance lease liabilities	13	—	—
Leased assets obtained in exchange for operating lease liabilities	41	—	—
Non-cash investing activities:			
Partnership commitments not yet remitted	4	1	9
Investments transferred in connection with fixed annuity reinsurance transaction	1,265	—	—

	December 31, 2019	December 31, 2018
Reconciliation of cash and cash equivalents, including amounts restricted:		
Cash and cash equivalents	$ 3,709	$ 2,931
Cash of consolidated investment entities	118	166
Restricted and segregated cash, cash equivalents and investments	2,386	2,910
Less: Restricted and segregated investments	—	(124)
Total cash and cash equivalents, including amounts restricted per consolidated statements of cash flows	$ 6,213	$ 5,883

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to be utilized as solutions for clients' cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. The foreign operations of Ameriprise Financial, Inc. are conducted primarily through Threadneedle Asset Management Holdings Sàrl and Ameriprise Asset Management Holdings GmbH (collectively, "Threadneedle").

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities ("VIEs") in which it is the primary beneficiary (collectively, the "Company"). All intercompany transactions and balances have been eliminated in consolidation.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

In 2017, the Company recorded the following out-of-period corrections:

- an $87 million decrease to other comprehensive income ("OCI") related to deferred taxes on currency translations adjustments.
- a $12 million out-of-period correction related to a variable annuity model assumption that decreased amortization of deferred acquisition costs ("DAC") by $8 million and decreased benefits, claims, losses and settlement expenses by $4 million.
- a $20 million decrease to income tax provision for a reversal of a tax reserve.

The impact of these corrections was not material to prior period financial statements.

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued. No subsequent events or transactions were identified.

2. Summary of Significant Accounting Policies

Principles of Consolidation

A VIE is an entity that either has equity investors that lack certain essential characteristics of a controlling financial interest (including substantive voting rights, the obligation to absorb the entity's losses, or the rights to receive the entity's returns) or has equity investors that do not provide sufficient financial resources for the entity to support its activities.

Voting interest entities ("VOEs") are those entities that do not qualify as a VIE. The Company consolidates VOEs in which it holds a greater than 50% voting interest. The Company generally accounts for entities using the equity method when it holds a greater than 20% but less than 50% voting interest or when the Company exercises significant influence over the entity. All other investments that are not reported at fair value as trading or Available-for-Sale securities are accounted for under the cost method when the Company owns less than a 20% voting interest and does not exercise significant influence.

A VIE is consolidated by the reporting entity that determines it has both:

- the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and
- the obligation to absorb potentially significant losses or the right to receive potentially significant benefits to the VIE.

All VIEs are assessed for consolidation under this framework. When evaluating entities for consolidation, the Company considers its contractual rights in determining whether it has the power to direct the activities of the VIE that most significantly impact the VIEs economic performance. In determining whether the Company has this power, it considers whether it is acting in a role that enables it to direct the activities that most significantly impact the economic performance of an entity or if it is acting in an agent role.

In determining whether the Company has the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE, the Company considers an analysis of its rights to receive benefits such as investment returns and its obligation to absorb losses associated with any investment in the VIE in conjunction with other qualitative factors. Management and incentive fees that are at market and commensurate with the level of services provided, and where the Company does not hold other interests in the VIE that would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns, are not considered a variable interest and are excluded from the analysis.

The consolidation guidance has a scope exception for reporting entities with interests in registered money market funds which do not have an explicit support agreement.

Foreign Currency Translation

Net assets of foreign subsidiaries, whose functional currency is other than the U.S. dollar, are translated into U.S. dollars based upon exchange rates prevailing at the end of each period. Revenues and expenses are translated at daily exchange rates during the period. The resulting translation adjustment, along with any related hedge and tax effects, are included in accumulated other comprehensive income ("AOCI"). The determination of the functional currency is based on the primary economic environment in which the entity operates. Gains and losses from foreign currency transactions are included in the consolidated results of operations.

Amounts Based on Estimates and Assumptions

Accounting estimates are an integral part of the Consolidated Financial Statements. In part, they are based upon assumptions concerning future events. Among the more significant are those that relate to investment securities valuation and recognition of other-than-temporary impairments, DAC and the corresponding recognition of DAC amortization, valuation of derivative instruments and hedging activities, litigation reserves, future policy benefits and claims reserves and income taxes and the recognition of deferred tax assets and liabilities. These accounting estimates reflect the best judgment of management and actual results could differ.

Cash and Cash Equivalents

Cash equivalents include time deposits and other highly liquid investments with original or remaining maturities at the time of purchase of 90 days or less.

Investments

Available-for-Sale Securities

Available-for-Sale securities are carried at fair value with unrealized gains (losses) recorded in AOCI, net of impacts to DAC, deferred sales inducement costs ("DSIC"), unearned revenue, benefit reserves, reinsurance recoverables and income taxes. Gains and losses are recognized on a trade date basis in the Consolidated Statements of Operations upon disposition of the securities.

When the fair value of an investment is less than its amortized cost, the Company assesses whether or not: (i) it has the intent to sell the security (made a decision to sell) or (ii) it is more likely than not that the Company will be required to sell the security before its anticipated recovery. If either of these conditions exist, an other-than-temporary impairment is considered to have occurred and the Company recognizes an other-than-temporary impairment for the difference between the investment's amortized cost and its fair value through earnings. For securities that do not meet the above criteria and the Company does not expect to recover a security's amortized cost, the security is also considered other-than-temporarily impaired. For these securities, the Company separates the total impairment into the credit loss component and the amount of the loss related to other factors. The amount of the total other-than-temporary impairment related to credit loss is recognized in earnings.

The amount of the total other-than-temporary impairment related to other factors is recognized in OCI, net of impacts to DAC, DSIC, unearned revenue, benefit reserves, reinsurance recoverables and income taxes. For Available-for-Sale securities that have recognized an other-than-temporary impairment through earnings, the difference between the amortized cost and the cash flows expected to be collected is accreted as interest income if through subsequent evaluation there is a sustained increase in the cash flow expected. Subsequent increases and decreases in the fair value of Available-for-Sale securities are included in OCI.

The Company provides a supplemental disclosure on the face of its Consolidated Statements of Operations that presents: (i) total other-than-temporary impairment losses recognized during the period and (ii) the portion of other-than-temporary impairment losses recognized in OCI. The sum of these amounts represents the credit-related portion of other-than-temporary impairments that were recognized in earnings during the period. The portion of other-than-temporary losses recognized in OCI includes: (i) the portion of other-than-temporary impairment losses related to factors other than credit recognized during the period and (ii) reclassifications of other-than-temporary impairment losses previously determined to be related to factors other than credit that are determined to be credit-related in the current period. The amount presented on the Consolidated Statements of Operations as the portion of other-than-temporary losses recognized in OCI excludes subsequent increases and decreases in the fair value of these securities.

For all securities that are considered temporarily impaired, the Company does not intend to sell these securities (has not made a decision to sell) and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. The Company believes that it will collect all principal and interest due on all investments that have amortized cost in excess of fair value that are considered only temporarily impaired.

Factors the Company considers in determining whether declines in the fair value of fixed maturity securities are other-than-temporary include: (i) the extent to which the market value is below amortized cost; (ii) the duration of time in which there has been a significant decline in value; (iii) fundamental analysis of the liquidity, business prospects and overall financial condition of the issuer; and (iv) market events that could impact credit ratings, economic and business climate, litigation and government actions, and similar external business factors. In order to determine the amount of the credit loss component for corporate debt securities considered other-than-temporarily impaired, a best estimate of the present value of cash flows expected to be collected discounted at the security's effective interest rate is compared to the amortized cost basis of the security. The significant inputs to cash flow projections consider potential debt restructuring terms, projected cash flows available to pay creditors and the Company's position in the debtor's overall capital structure.

For structured investments (e.g., residential mortgage backed securities, commercial mortgage backed securities, asset backed securities and other structured investments), the Company also considers factors such as overall deal structure and its position within the structure, quality of underlying collateral, delinquencies and defaults, loss severities, recoveries, prepayments and cumulative loss projections in assessing potential other-than-temporary impairments of these investments. Based upon these factors, securities that have indicators of potential other-than-temporary impairment are subject to detailed review by management. Securities for which declines are considered temporary continue to be monitored by management until management determines there is no current risk of an other-than-temporary impairment.

Other Investments

Other investments primarily reflect the Company's interests in affordable housing partnerships, trading securities, seed money investments, syndicated loans, marketable equity securities and credit card receivables. Affordable housing partnerships and seed money investments are accounted for under the equity method. Trading securities, which primarily include common stocks and bonds, are carried at fair value with unrealized and realized gains (losses) recorded in net investment income. Marketable equity securities are recorded at fair value with changes in fair value reflected in net investment income.

Financing Receivables

Commercial Mortgage Loans, Syndicated Loans and Credit Card Receivables

Commercial mortgage loans, syndicated loans and credit card receivables are reflected within investments at amortized cost less the allowance for loan losses. Syndicated loans represent the Company's investment in below investment grade loan syndications. Interest income is accrued on the unpaid principal balances of the loans as earned.

Other Loans

Other loans primarily consist of policy loans, advisor loans and brokerage margin loans. When originated, policy loan balances do not exceed the cash surrender value of the underlying products. As there is minimal risk of loss related to policy loans, the Company does not record an allowance for loan losses. Policy loans are reflected within investments at the unpaid principal balance, plus accrued interest.

The Company offers loans to financial advisors primarily for recruiting, transitional cost assistance and retention purposes. These loans are generally repaid over a five- to nine-year period. Advisor loans are recorded within receivables at principal less an allowance for loan losses. Interest income is recognized as earned and reflected in other revenues. Recoverability of these loans is assessed through analysis of financial advisor retention, loan collection and other criteria. In the event that the financial advisor is no longer affiliated with the Company, any unpaid balance of such loan becomes immediately due.

The Company's broker dealer subsidiaries enter into lending arrangements with clients through the normal course of business, which are primarily based on customer margin levels. Margin loans are reported at the unpaid principal balance within receivables. The Company monitors the market value of collateral supporting the margin loans and requests additional collateral when necessary in order to mitigate the risk of loss.

Deposit Receivable

For each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability related to insurance risk in accordance with applicable accounting standards. If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. Deposits made are included in receivables. As amounts are received, consistent with the underlying contracts, the deposit receivable is adjusted. The deposit receivable is accreted using the interest method and the accretion is reported in other revenues.

See Note 7 for additional information on the deposit receivable.

Nonaccrual Loans

Generally, loans are evaluated for or placed on nonaccrual status when either the collection of interest or principal has become 90 days past due or is otherwise considered doubtful of collection. When a loan is placed on nonaccrual status, unpaid accrued interest is reversed. Interest payments received on loans on nonaccrual status are generally applied to principal unless the remaining principal balance has been determined to be fully collectible.

Commercial mortgage loans are evaluated for impairment when the loan is considered for nonaccrual status, restructured or foreclosure proceedings are initiated on the property. If it is determined that the fair value is less than the current loan balance, it is written down to fair value less estimated selling costs. Foreclosed property is recorded as real estate owned in other assets.

Allowance for Loan Losses

Management determines the adequacy of the allowance for loan losses based on the overall loan portfolio composition, recent and historical loss experience, and other pertinent factors, including when applicable, internal risk ratings, loan-to-value ("LTV") ratios, FICO scores of the borrower, debt service coverage and occupancy rates, along with current economic and market conditions. This evaluation is inherently subjective as it requires estimates, which may be susceptible to significant change.

The Company determines the amount of the allowance based on management's assessment of relative risk characteristics of the loan portfolio. The allowance is recorded for homogeneous loan categories on a pool basis, based on an analysis of product mix and risk characteristics of the portfolio, including geographic concentration, bankruptcy experiences, and historical losses, adjusted for current trends and market conditions.

While the Company attributes portions of the allowance to specific loan pools as part of the allowance estimation process, the entire allowance is available to absorb losses inherent in the total loan portfolio. The allowance is increased through provisions charged to net investment income and reduced/increased by net charge-offs/recoveries.

In determining the allowance for loan losses for advisor loans, the Company considers its historical collection experience as well as other factors including amounts due at termination, the reasons for the terminated relationship, length of time since termination, and

the former financial advisor's overall financial position. Concerns regarding the recoverability of these loans primarily arise in the event that the financial advisor is no longer affiliated with the Company. When the review of these factors indicates that further collection activity is highly unlikely, the outstanding balance of the loan is written-off and the related allowance is reduced. The provision for loan losses on advisor loans is recorded in distribution expenses.

Impaired Loans

The Company considers a loan to be impaired when, based on current information and events, it is probable the Company will not be able to collect all amounts due (both interest and principal) according to the contractual terms of the loan agreement. Impaired loans may also include loans that have been modified in troubled debt restructurings as a concession to borrowers experiencing financial difficulties. Management evaluates for impairment all restructured loans and loans with higher impairment risk factors. Factors used by the Company to determine whether all amounts due on commercial mortgage loans will be collected, include but are not limited to, the financial condition of the borrower, performance of the underlying properties, collateral and/or guarantees on the loan, and the borrower's estimated future ability to pay based on property type and geographic location. The impairment recognized is measured as the excess of the loan's recorded investment over: (i) the present value of its expected principal and interest payments discounted at the loan's effective interest rate, (ii) the fair value of collateral or (iii) the loan's observable market price.

Restructured Loans

A loan is classified as a restructured loan when the Company makes certain concessionary modifications to contractual terms for borrowers experiencing financial difficulties. When the interest rate, minimum payments, and/or due dates have been modified in an attempt to make the loan more affordable to a borrower experiencing financial difficulties, the modification is considered a troubled debt restructuring. Generally, performance prior to the restructuring or significant events that coincide with the restructuring are considered in assessing whether the borrower can meet the new terms which may result in the loan being returned to accrual status at the time of the restructuring or after a performance period. If the borrower's ability to meet the revised payment schedule is not reasonably assured, the loan remains on nonaccrual status.

Separate Account Assets and Liabilities

Separate account assets represent funds held for the benefit of and separate account liabilities represent the obligation to the variable annuity contractholders and variable life insurance policyholders who have a contractual right to receive the benefits of their contract or policy and bear the related investment risk. Gains and losses on separate account assets accrue directly to the contractholder or policyholder and are not reported in the Company's Consolidated Statements of Operations. Separate account assets are recorded at fair value and separate account liabilities are equal to the assets recognized.

Included in separate account assets and liabilities is the fair value of the pooled pension funds that are offered by Threadneedle.

Restricted and Segregated Cash, Cash Equivalents and Investments

Amounts segregated under federal and other regulations are held in special reserve bank accounts for the exclusive benefit of the Company's brokerage customers. Cash and cash equivalents included in restricted and segregated cash, cash equivalents and investments are presented as part of cash balances in the Company's Consolidated Statements of Cash Flows.

Land, Buildings, Equipment and Software

Land, buildings, equipment and internally developed or purchased software are carried at cost less accumulated depreciation or amortization and are reflected within other assets. The Company uses the straight-line method of depreciation and amortization over periods ranging from three to 39 years. As of December 31, 2019 and 2018, land, buildings, equipment and software were $610 million and $635 million, respectively, net of accumulated depreciation of $1.8 billion and $2.0 billion, respectively. Depreciation and amortization expense for the years ended December 31, 2019, 2018 and 2017 was $147 million, $146 million and $141 million, respectively.

Leases

The Company has operating and finance leases for corporate and field offices. The Company determines if an arrangement is a lease at inception or modification. Right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and corresponding lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate to determine the present value of the future lease payments. The incremental borrowing rate is determined at lease commencement date using a secured rate for a similar term as the period of the lease. Certain lease incentives such as free rent periods are recorded as a reduction of the ROU asset. Lease costs for operating ROU assets is recognized on a straight-line basis over the lease term.

Certain leases include one or more options to renew with terms that can extend the lease from one year to 20 years. The exercise of any lease renewal option is at the sole discretion of the Company. Renewal options are included in the ROU assets and lease liabilities when they either provide an economic incentive to renew or when the costs related to the termination of a lease outweigh the benefits of signing a new lease.

Operating and finance ROU assets are reflected in other assets. Operating lease liabilities and finance lease liabilities are reflected in other liabilities and long-term debt, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the amount of an acquired company's acquisition cost in excess of the fair value of assets acquired and liabilities assumed. The Company evaluates goodwill for impairment annually on the measurement date of July 1 and whenever events and circumstances indicate that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Impairment is the amount carrying value exceeds fair value and is evaluated at the reporting unit level. The Company assesses various qualitative factors to determine whether impairment is likely to have occurred. If impairment were to occur, the Company would use the discounted cash flow method, a variation of the income approach.

Intangible assets are amortized over their estimated useful lives unless they are deemed to have indefinite useful lives. The Company evaluates the definite lived intangible assets remaining useful lives annually and tests for impairment whenever events and circumstances indicate that an impairment may have occurred, such as a significant adverse change in the business climate. For definite lived intangible assets, impairment to fair value is recognized if the carrying amount is not recoverable. Indefinite lived intangibles are also tested for impairment annually or whenever circumstances indicate an impairment may have occurred.

Goodwill and other intangible assets are reflected in other assets.

Derivative Instruments and Hedging Activities

Freestanding derivative instruments are recorded at fair value and are reflected in other assets or other liabilities. The Company's policy is to not offset fair value amounts recognized for derivatives and collateral arrangements executed with the same counterparty under the same master netting arrangement. The accounting for changes in the fair value of a derivative instrument depends on its intended use and the resulting hedge designation, if any. The Company primarily uses derivatives as economic hedges that are not designated as accounting hedges or do not qualify for hedge accounting treatment. The Company occasionally designates derivatives as (i) hedges of changes in the fair value of assets, liabilities, or firm commitments ("fair value hedges"), (ii) hedges of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedges"), or (iii) hedges of foreign currency exposures of net investments in foreign operations ("net investment hedges in foreign operations").

Derivative instruments that are entered into for hedging purposes are designated as such at the time the Company enters into the contract. For all derivative instruments that are designated for hedging activities, the Company documents all of the hedging relationships between the hedge instruments and the hedged items at the inception of the relationships. Management also documents its risk management objectives and strategies for entering into the hedge transactions. The Company assesses, at inception and on a quarterly basis, whether derivatives designated as hedges are highly effective in offsetting the fair value or cash flows of hedged items. If it is determined that a derivative is no longer highly effective as a hedge, the Company will discontinue the application of hedge accounting.

For derivative instruments that do not qualify for hedge accounting or are not designated as accounting hedges, changes in fair value are recognized in current period earnings. Changes in fair value of derivatives are presented in the Consolidated Statements of Operations based on the nature and use of the instrument. Changes in fair value of derivatives used as economic hedges are presented in the Consolidated Statements of Operations with the corresponding change in the hedged asset or liability.

For derivative instruments that qualify as fair value hedges, changes in the fair value of the derivatives, as well as changes in the fair value of the hedged assets, liabilities or firm commitments, are recognized on a net basis in current period earnings. The carrying value of the hedged item is adjusted for the change in fair value from the designated hedged risk. If a fair value hedge designation is removed or the hedge is terminated prior to maturity, previous adjustments to the carrying value of the hedged item are recognized into earnings over the remaining life of the hedged item.

For derivative instruments that qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instruments is reported in AOCI and reclassified into earnings when the hedged item or transaction impacts earnings. The amount that is reclassified into earnings is presented in the Consolidated Statements of Operations with the hedged instrument or transaction impact. Any ineffective portion of the gain or loss is reported in current period earnings as a component of net investment income. If a hedge designation is removed or a hedge is terminated prior to maturity, the amount previously recorded in AOCI is reclassified to earnings over the period that the hedged item impacts earnings. For hedge relationships that are discontinued because the forecasted transaction is not expected to occur according to the original strategy, any related amounts previously recorded in AOCI are recognized in earnings immediately.

For derivative instruments that qualify as net investment hedges in foreign operations, the effective portion of the change in fair value of the derivatives is recorded in AOCI as part of the foreign currency translation adjustment. Any ineffective portion of the net investment hedges in foreign operations is recognized in net investment income during the period of change.

The equity component of indexed annuities, indexed universal life ("IUL") and stock market certificate obligations are considered embedded derivatives. Additionally, certain annuities contain guaranteed minimum accumulation benefit ("GMAB") and guaranteed minimum withdrawal benefit ("GMWB") provisions. The GMAB and the non-life contingent benefits associated with GMWB provisions are also considered embedded derivatives.

See Note 15 for information regarding the Company's fair value measurement of derivative instruments and Note 17 for the impact of derivatives on the Consolidated Statements of Operations.

Deferred Acquisition Costs

The Company incurs costs in connection with acquiring new and renewal insurance and annuity businesses. The portion of these costs which are incremental and direct to the acquisition of a new or renewal insurance policy or annuity contract are deferred. Significant costs capitalized include sales based compensation related to the acquisition of new and renewal insurance policies and annuity contracts, medical inspection costs for successful sales, and a portion of employee compensation and benefit costs based upon the amount of time spent on successful sales. Sales based compensation paid to advisors and employees and third-party distributors is capitalized. Employee compensation and benefits costs which are capitalized relate primarily to sales efforts, underwriting and processing. All other costs which are not incremental direct costs of acquiring an insurance policy or annuity contract are expensed as incurred. The DAC associated with insurance policies or annuity contracts that are significantly modified or internally replaced with another contract are accounted for as contract terminations. These transactions are anticipated in establishing amortization periods and other valuation assumptions.

The Company monitors other DAC amortization assumptions, such as persistency, mortality, morbidity, interest margin, variable annuity benefit utilization and maintenance expense levels each quarter and, when assessed independently, each could impact the Company's DAC balances.

The analysis of DAC balances and the corresponding amortization is a dynamic process that considers all relevant factors and assumptions described previously. Unless the Company's management identifies a significant deviation over the course of the quarterly monitoring, management reviews and updates these DAC amortization assumptions annually in the third quarter of each year.

Non-Traditional Long-Duration Products

For non-traditional long-duration products (including variable and fixed deferred annuity contracts, universal life ("UL") and variable universal life ("VUL") insurance products), DAC are amortized based on projections of estimated gross profits ("EGPs") over amortization periods equal to the approximate life of the business.

EGPs vary based on persistency rates (assumptions at which contractholders and policyholders are expected to surrender, make withdrawals from and make deposits to their contracts), mortality levels, client asset value growth rates (based on equity and bond market performance), variable annuity benefit utilization and interest margins (the spread between earned rates on invested assets and rates credited to contractholder and policyholder accounts) and are management's best estimates. Management regularly monitors financial market conditions and actual contractholder and policyholder behavior experience and compares them to its assumptions. These assumptions are updated whenever it appears that earlier estimates should be revised. When assumptions are changed, the percentage of EGPs used to amortize DAC might also change. A change in the required amortization percentage is applied retrospectively; an increase in amortization percentage will result in a decrease in the DAC balance and an increase in DAC amortization expense, while a decrease in amortization percentage will result in an increase in the DAC balance and a decrease in DAC amortization expense. The impact on results of operations of changing assumptions can be either positive or negative in any particular period and is reflected in the period in which such changes are made. At each balance sheet date, the DAC balance is adjusted for the effect that would result from the realization of unrealized gains or losses on securities impacting EGPs, with the related change recognized through AOCI.

The client asset value growth rates are the rates at which variable annuity and VUL insurance contract values invested in separate accounts are assumed to appreciate in the future. The rates used vary by equity and fixed income investments. Management reviews and, where appropriate, adjusts its assumptions with respect to client asset value growth rates on a regular basis. The Company typically uses a five-year mean reversion process as a guideline in setting near-term equity fund growth rates based on a long-term view of financial market performance as well as recent actual performance. The suggested near-term equity fund growth rate is reviewed quarterly to ensure consistency with management's assessment of anticipated equity market performance. DAC amortization expense recorded in a period when client asset value growth rates exceed management's near-term estimate will typically be less than in a period when growth rates fall short of management's near-term estimate.

Traditional Long-Duration Products

For traditional long-duration products (including traditional life and disability income ("DI") insurance products), DAC are generally amortized as a percentage of premiums over amortization periods equal to the premium paying period. The assumptions made in calculating the DAC balance and DAC amortization expense are consistent with those used in determining the liabilities.

For traditional life and DI insurance products, the assumptions provide for adverse deviations in experience and are revised only if management concludes experience will be so adverse that DAC are not recoverable. If management concludes that DAC are not recoverable, DAC are reduced to the amount that is recoverable based on best estimate assumptions and there is a corresponding expense recorded in the Consolidated Statements of Operations.

Deferred Sales Inducement Costs

Sales inducement costs consist of bonus interest credits and premium credits added to certain annuity contract and insurance policy values. These benefits are capitalized to the extent they are incremental to amounts that would be credited on similar contracts without the applicable feature. The amounts capitalized are amortized using the same methodology and assumptions used to amortize DAC. DSIC is recorded in other assets, and amortization of DSIC is recorded in benefits, claims, losses and settlement expenses.

Reinsurance

The Company cedes insurance risk to other insurers under reinsurance agreements. The Company evaluates the financial condition of its reinsurers prior to entering into new reinsurance contracts and on a periodic basis during the contract term.

Reinsurance premiums paid and benefits received are accounted for consistently with the basis used in accounting for the policies from which risk is reinsured and consistently with the terms of the reinsurance contracts. Reinsurance premiums for traditional life, long term care ("LTC"), DI and auto and home, net of the change in any prepaid reinsurance asset, are reported as a reduction of premiums. UL and VUL reinsurance premiums are reported as a reduction of other revenues. In addition, for UL and VUL insurance policies, the net cost of reinsurance ceded, which represents the discounted amount of the expected cash flows between the reinsurer and the Company, is classified as an asset or contra asset and amortized over the estimated life of the policies in proportion to the estimated gross profits and is subject to retrospective adjustment in a manner similar to retrospective adjustment of DAC. The assumptions used to project the expected cash flows are consistent with those used for DAC valuation for the same contracts. Changes in the net cost of reinsurance are reflected as a component of other revenues. Reinsurance recoveries are reported as components of benefits, claims, losses and settlement expenses.

Insurance liabilities are reported before the effects of reinsurance. Policyholder account balances, future policy benefits and claims recoverable under reinsurance contracts are recorded within receivables.

The Company also assumes life insurance and fixed annuity risk from other insurers in limited circumstances. Reinsurance premiums received and benefits paid are accounted for consistently with the basis used in accounting for the policies from which risk is reinsured and consistently with the terms of the reinsurance contracts. Liabilities for assumed business are recorded within policyholder account balances, future policy benefits and claims.

See Note 8 for additional information on reinsurance.

Policyholder Account Balances, Future Policy Benefits and Claims

The Company establishes reserves to cover the risks associated with non-traditional and traditional long-duration products and short-duration products. Non-traditional long-duration products include variable annuity contracts, fixed annuity contracts and UL and VUL policies. Traditional long-duration products include term life, whole life, DI and LTC insurance products. Prior to the sale of Ameriprise Auto & Home ("AAH"), reserves for short-duration products were established to provide adequately for incurred losses primarily related to auto and home policies. See Note 19 for additional information on the sale of AAH.

Guarantees accounted for as insurance liabilities include guaranteed minimum death benefit ("GMDB"), gain gross-up ("GGU"), guaranteed minimum income benefit ("GMIB") and the life contingent benefits associated with GMWB. In addition, UL and VUL policies with product features that result in profits followed by losses are accounted for as insurance liabilities.

Guarantees accounted for as embedded derivatives include GMAB and the non-life contingent benefits associated with GMWB. In addition, the portion of indexed annuities and IUL policies allocated to the indexed account is accounted for as an embedded derivative.

Changes in future policy benefits and claims are reflected in earnings in the period adjustments are made. Where applicable, benefit amounts expected to be recoverable from reinsurance companies who share in the risk are separately recorded as reinsurance recoverable within receivables.

Non-Traditional Long-Duration Products

The liabilities for non-traditional long-duration products include fixed account values on variable and fixed annuities and UL and VUL policies, liabilities for guaranteed benefits associated with variable annuities and embedded derivatives for variable annuities, indexed annuities and IUL products.

Liabilities for fixed account values on variable and fixed deferred annuities and UL and VUL policies are equal to accumulation values, which are the cumulative gross deposits and credited interest less withdrawals and various charges.

A portion of the Company's UL and VUL policies have product features that result in profits followed by losses from the insurance component of the contract. These profits followed by losses can be generated by the cost structure of the product or secondary guarantees in the contract. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges. The liability for these future losses is determined by estimating the death benefits in excess of account value and recognizing the excess over the estimated life based on expected assessments (e.g. cost of insurance charges, contractual administrative charges, similar fees and investment margin). See Note 12 for information regarding the liability for contracts with secondary guarantees.

Liabilities for indexed annuity products and indexed accounts of IUL products are equal to the accumulation of host contract values covering guaranteed benefits and the fair value of embedded equity options.

The GMDB and GGU liability is determined by estimating the expected value of death benefits in excess of the projected contract accumulation value and recognizing the excess over the estimated life based on expected assessments (e.g., mortality and expense fees, contractual administrative charges and similar fees).

If elected by the contract owner and after a stipulated waiting period from contract issuance, a GMIB guarantees a minimum lifetime annuity based on a specified rate of contract accumulation value growth and predetermined annuity purchase rates. The GMIB liability

is determined each period by estimating the expected value of annuitization benefits in excess of the projected contract accumulation value at the date of annuitization and recognizing the excess over the estimated life based on expected assessments.

The liability for the life contingent benefits associated with GMWB provisions is determined by estimating the expected value of benefits that are contingent upon survival after the account value is equal to zero and recognizing the benefits over the estimated life based on expected assessments (e.g., mortality and expense fees, contractual administrative charges and similar fees).

In determining the liabilities for GMDB, GGU, GMIB and the life contingent benefits associated with GMWB, the Company projects these benefits and contract assessments using actuarial models to simulate various equity market scenarios. Significant assumptions made in projecting future benefits and assessments relate to customer asset value growth rates, mortality, persistency, benefit utilization and investment margins and are consistent with those used for DAC valuation for the same contracts. As with DAC, unless the Company's management identifies a significant deviation over the course of quarterly monitoring, management reviews and updates these assumptions annually in the third quarter of each year.

See Note 12 for information regarding variable annuity guarantees.

Liabilities for fixed annuities in a benefit or payout status utilize assumptions established as of the date the payout phase is initiated. The liabilities are the present value of future estimated payments reduced for mortality (which is based on industry mortality tables with modifications based on the Company's experience) and discounted with interest rates.

Embedded Derivatives

The fair value of embedded derivatives related to GMAB and the non-life contingent benefits associated with GMWB provisions fluctuate based on equity, interest rate and credit markets and the estimate of the Company's nonperformance risk, which can cause these embedded derivatives to be either an asset or a liability. The fair value of embedded derivatives related to indexed annuities and IUL fluctuate based on equity markets and interest rates and the estimate of the Company's nonperformance risk and is a liability. See Note 15 for information regarding the fair value measurement of embedded derivatives.

Traditional Long-Duration Products

The liabilities for traditional long-duration products include liabilities for unpaid amounts on reported claims, estimates of benefits payable on claims incurred but not yet reported and estimates of benefits that will become payable on term life, whole life, DI and LTC policies as claims are incurred in the future.

Liabilities for unpaid amounts on reported life insurance claims are equal to the death benefits payable under the policies.

Liabilities for unpaid amounts on reported DI and LTC claims include any periodic or other benefit amounts due and accrued, along with estimates of the present value of obligations for continuing benefit payments. These unpaid amounts are calculated using anticipated claim continuance rates based on established industry tables, adjusted as appropriate for the Company's experience. The discount rates used to calculate present values are based on average interest rates earned on assets supporting the liability for unpaid amounts.

Liabilities for estimated benefits payable on claims that have been incurred but not yet reported are based on periodic analysis of the actual time lag between when a claim occurs and when it is reported.

Liabilities for estimates of benefits that will become payable on future claims on term life, whole life and DI insurance policies are based on the net level premium and LTC policies are based on a gross premium valuation reflecting management's current best estimate assumptions. Net level premium includes anticipated premium payments, mortality and morbidity rates, policy persistency and interest rates earned on assets supporting the liability. Gross premium valuation includes expected premium rate increases, benefit reductions, morbidity rates, policy persistency and interest rates earned on assets supporting the liability. Anticipated mortality and morbidity rates are based on established industry mortality and morbidity tables, with modifications based on the Company's experience. Anticipated premium payments and persistency rates vary by policy form, issue age, policy duration and certain other pricing factors.

For term life, whole life, DI and LTC policies, the Company utilizes best estimate assumptions as of the date the policy is issued with provisions for the risk of adverse deviation, as appropriate. After the liabilities are initially established, management performs premium deficiency tests using best estimate assumptions without provisions for adverse deviation annually in the third quarter of each year unless management identifies a material deviation over the course of quarterly monitoring. If the liabilities determined based on these best estimate assumptions are greater than the net reserves (i.e., GAAP reserves net of any DAC balance), the existing net reserves are adjusted by first reducing the DAC balance by the amount of the deficiency or to zero through a charge to current period earnings. If the deficiency is more than the DAC balance, then the net reserves are increased by the excess through a charge to current period earnings. If a premium deficiency is recognized, the assumptions as of the date of the loss recognition are locked in and used in subsequent periods. The assumptions for LTC insurance products are management's best estimate as of the date of loss recognition and thus no longer provide for adverse deviations in experience.

See Note 11 for information regarding the liabilities for traditional long-duration products.

Short-Duration Products

Prior to the sale of AAH, liabilities for short-duration products primarily included auto and home reserves comprised of amounts determined from loss reports on individual claims, as well as amounts based on historical loss experience for losses incurred but not

yet reported. Such liabilities were based on estimates. The Company's methods for making such estimates and for establishing the resulting liabilities were continually reviewed, and any adjustments were reflected in earnings in the period such adjustments were made.

Unearned Revenue Liability

The Company's UL and VUL policies require payment of fees or other policyholder assessments in advance for services to be provided in future periods. These charges are deferred as unearned revenue and amortized using EGPs, similar to DAC. The unearned revenue liability is recorded in other liabilities and the amortization is recorded in other revenues.

For clients who pay financial planning fees prior to the advisor's delivery of the financial plan, the financial planning fees received in advance are deferred as unearned revenue until the plan is delivered to the client.

Share-Based Compensation

The Company measures and recognizes the cost of share-based awards granted to employees and directors based on the grant-date fair value of the award and recognizes the expense (net of estimated forfeitures) on a straight-line basis over the vesting period. Excess tax benefits or deficiencies are created upon distribution or exercise of awards and are recognized as income tax expense or benefit in the income statement. The fair value of each option is estimated on the grant date using a Black-Scholes option-pricing model. The Company recognizes the cost of performance share units granted to the Company's Executive Leadership Team on a fair value basis until fully vested.

Income Taxes

The Company's provision for income taxes represents the net amount of income taxes that the Company expects to pay or to receive from various taxing jurisdictions in connection with its operations. The Company provides for income taxes based on amounts that the Company believes it will ultimately owe taking into account the recognition and measurement for uncertain tax positions. Inherent in the provision for income taxes are estimates and judgments regarding the tax treatment of certain items.

In connection with the provision for income taxes, the Consolidated Financial Statements reflect certain amounts related to deferred tax assets and liabilities, which result from temporary differences between the assets and liabilities measured for financial statement purposes versus the assets and liabilities measured for tax return purposes.

The Company is required to establish a valuation allowance for any portion of its deferred tax assets that management believes will not be realized. Significant judgment is required in determining if a valuation allowance should be established and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business. Consideration is given to, among other things in making this determination: (i) future taxable income exclusive of reversing temporary differences and carryforwards; (ii) future reversals of existing taxable temporary differences; (iii) taxable income in prior carryback years; and (iv) tax planning strategies. Management may need to identify and implement appropriate planning strategies to ensure its ability to realize deferred tax assets and reduce the likelihood of the establishment of a valuation allowance with respect to such assets. See Note 24 for additional information on the Company's valuation allowance.

Changes in tax rates and tax law are accounted for in the period of enactment. Deferred tax assets and liabilities are adjusted for the effect of a change in tax laws or rates and the effect is included in income. See Note 24 for further discussion on the enactment of the legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act") and the impact to the Company's provision for income taxes for the year ended December 31, 2017.

Revenue Recognition

See Note 4 for discussion of accounting policies on revenue from contracts with customers in accordance with ASU 2014-09 Revenue from Contracts with Customers ("ASU 2014-09"). The following discussion includes the Company's accounting policies on recognition of revenues outside the scope of ASU 2014-09.

Mortality and expense risk fees are generally calculated as a percentage of the fair value of assets held in separate accounts and recognized when assessed.

Interest income is accrued as earned using the effective interest method, which makes an adjustment of the yield for security premiums and discounts on all performing fixed maturity securities classified as Available-for-Sale so that the related security or loan recognizes a constant rate of return on the outstanding balance throughout its term. When actual prepayments differ significantly from originally anticipated prepayments, the retrospective effective yield is recalculated to reflect actual payments to date and updated future payment assumptions and a catch-up adjustment is recorded in the current period. In addition, the new effective yield, which reflects anticipated future payments, is used prospectively. Realized gains and losses on securities, other than trading securities and equity method investments, are recognized using the specific identification method on a trade date basis.

Prior to the sale of AAH, premiums on auto and home insurance were net of reinsurance premiums and recognized ratably over the coverage period. Premiums on traditional life, health insurance and immediate annuities with a life contingent feature are net of reinsurance ceded and are recognized as revenue when due.

Variable annuity guaranteed benefit rider charges and cost of insurance charges on UL and VUL insurance (net of reinsurance premiums and cost of reinsurance for universal life insurance products) are recognized as revenue when assessed.

3. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Leases – Recognition of Lease Assets and Liabilities on Balance Sheet

In February 2016, the Financial Accounting Standards Board ("FASB") updated the accounting standards for leases. The update was issued to increase transparency and comparability for the accounting of lease transactions. The standard requires most lease transactions for lessees to be recorded on the balance sheet as lease assets and lease liabilities and both quantitative and qualitative disclosures about leasing arrangements. The standard was effective for interim and annual periods beginning after December 15, 2018. Entities had the option to adopt the standard using a modified retrospective approach at either the beginning of the earliest period presented or as of the date of adoption. The Company adopted the standard using a modified retrospective approach as of January 1, 2019. The Company also elected the package of practical expedients permitted under the transition guidance within the accounting standard that allows entities to carryforward their historical lease classification and to not reassess contracts for embedded leases among other things. The Company recorded a right-of-use asset of $274 million and a corresponding lease liability of $295 million substantially related to real estate leases. The amount the lease liability exceeds the right-of-use asset primarily reflects lease incentives recorded as a reduction of the right-of-use asset that were previously recorded as a liability. The adoption of the standard did not have other material impacts on the Company's consolidated results of operations or financial condition. See Note 18 for additional disclosures on leases.

Income Statement – Reporting Comprehensive Income – Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB updated the accounting standards related to the presentation of tax effects stranded in AOCI. The update allows a reclassification from AOCI to retained earnings for tax effects stranded in AOCI resulting from the Tax Act. The election of the update was optional. The update was effective for fiscal years beginning after December 15, 2018. Entities could record the impacts either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. The Company adopted the standard on January 1, 2019 and elected not to reclassify the stranded tax effects in AOCI.

Derivatives and Hedging – Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB updated the accounting standards to amend the hedge accounting recognition and presentation requirements. The objectives of the update are to better align the financial reporting of hedging relationships to the economic results of an entity's risk management activities and simplify the application of the hedge accounting guidance. The update also adds new disclosures and amends existing disclosure requirements. The standard was effective for interim and annual periods beginning after December 15, 2018, and was required to be applied on a modified retrospective basis. The Company adopted the standard on January 1, 2019. The adoption did not have a material impact on the Company's consolidated results of operations or financial condition.

Receivables – Nonrefundable Fees and Other Costs – Premium Amortization on Purchased Callable Debt Securities

In March 2017, the FASB updated the accounting standards to shorten the amortization period for certain purchased callable debt securities held at a premium. Under previous guidance, premiums were generally amortized over the contractual life of the security. The amendments require the premium to be amortized to the earliest call date. The update applies to securities with explicit, non-contingent call features that are callable at fixed prices and on preset dates. The standard was effective for interim and annual periods beginning after December 15, 2018, and was required to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company adopted the standard on January 1, 2019. The adoption did not have a material impact on the Company's consolidated results of operations or financial condition.

Revenue from Contracts with Customers

In May 2014, the FASB updated the accounting standards for revenue from contracts with customers. The update provides a five-step revenue recognition model for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers (unless the contracts are in the scope of other standards). The standard also updates the accounting for certain costs associated with obtaining and fulfilling a customer contract and requires disclosure of quantitative and qualitative information that enables users of financial statements to understand the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The standard was effective for interim and annual periods beginning after December 15, 2017. The standard was permitted to be applied retrospectively for all periods presented or retrospectively with a cumulative-effect adjustment at the date of adoption. The Company adopted the revenue recognition guidance on a retrospective basis on January 1, 2018. The update does not apply to revenue associated with the manufacturing of insurance and annuity products or financial instruments as these revenues are in the scope of other standards. Therefore, the update did not have an impact on these revenues. The Company's implementation efforts included the identification of revenue within the guidance and the review of the customer contracts to determine the Company's performance obligation and the associated timing of each performance obligation. The Company determined that certain payments received primarily related to franchise advisor fees should be presented as revenue rather than a reduction of expense. The impact of the change was an increase to revenues of $105 million and an increase to expenses of $105 million for the year ended December 31, 2017. See Note 4 for new disclosures on revenue from contracts with customers.

Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB updated the accounting standards on the recognition and measurement of financial instruments. The update requires entities to carry marketable equity securities, excluding investments in securities that qualify for the equity method of accounting, at fair value with changes in fair value reflected in net income each reporting period. The update affects other aspects of accounting for equity instruments, as well as the accounting for financial liabilities utilizing the fair value option. The update eliminates the requirement to disclose the methods and assumptions used to estimate the fair value of financial assets or liabilities held at cost on the balance sheet and requires entities to use the exit price notion when measuring the fair value of these financial instruments. The standard was effective for interim and annual periods beginning after December 15, 2017. The Company adopted the standard on January 1, 2018 using a modified retrospective approach. The adoption of the standard did not have a material impact on the Company's consolidated results of operations or financial condition.

Compensation – Retirement Benefits – Defined Benefit Plans – General – Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB updated the accounting standards related to disclosures for sponsors of defined benefit plans. The update requires disclosure of the weighted-average interest crediting rate for cash balance plans and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. The update also eliminates the disclosure of the amounts in AOCI expected to be recognized as components of net period benefit cost over the next fiscal year. The update is effective for annual periods ending after December 15, 2020, and should be applied retrospectively. The Company early adopted the standard in the fourth quarter of 2018 on a retrospective basis. The adoption did not have an impact on the Company's consolidated results of operations or financial condition.

Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB updated the accounting standards related to disclosures for fair value measurements. The update eliminates the following disclosures: 1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, 2) the policy of timing of transfers between levels of the fair value hierarchy, and 3) the valuation processes for Level 3 fair value measurements. The new disclosures include changes in unrealized gains and losses for the period included in OCI for recurring Level 3 fair value measurements of instruments held at the end of the reporting period and the range and weighted average used to develop significant unobservable inputs and how the weighted average was calculated. The new disclosures are required on a prospective basis; all other provisions should be applied retrospectively. The update is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted for the entire standard or only the provisions to eliminate or modify disclosure requirements. The Company early adopted the provisions of the standard to eliminate or modify disclosure requirements in the fourth quarter of 2018. The update does not have an impact on the Company's consolidated results of operations or financial condition.

Compensation – Stock Compensation

In March 2016, the FASB updated the accounting standards related to employee share-based payments. The update requires all excess tax benefits and tax deficiencies to be recognized as income tax expense or benefit in the income statement. This change is required to be applied prospectively to excess tax benefits and tax deficiencies resulting from settlements after the date of adoption. No adjustment is recorded for any excess tax benefits or tax deficiencies previously recorded in additional paid in capital. The update also requires excess tax benefits to be classified along with other income tax cash flows as an operating activity in the statement of cash flows. This provision can be applied on either a prospective or retrospective basis. The update permits entities to make an accounting policy election to recognize forfeitures as they occur rather than estimating forfeitures to determine the recognition of expense for share-based payment awards. The standard was effective for interim and annual periods beginning after December 15, 2016. The Company adopted the standard on January 1, 2017 on a prospective basis, except for the cash flow statement provision, which the Company applied on a retrospective basis. During periods in which the settlement date value differs materially from the grant date fair value of certain share-based payment awards, the Company may experience volatility in income tax recognized in its consolidated results of operations. During the year ended December 31, 2017, the Company recognized net excess tax benefits of $70 million as a reduction to the income tax provision in the consolidated statements of operations. The Company maintained its accounting policy of estimating forfeitures. As a result of the adoption of the standard, net excess tax benefits of $70 million for the year ended December 31, 2017 are included in the Other, net line within operating cash flows on the Company's consolidated statements of cash flows.

Future Adoption of New Accounting Standards

Income Taxes – Simplifying the Accounting for Income Taxes

In December 2019, the FASB updated the accounting standards to simplify the accounting for income taxes. The update eliminates certain exceptions to accounting principles related to intraperiod tax allocation (prospective basis), deferred tax liabilities related to outside basis differences (modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption) and year-to-date losses in interim periods (prospective basis). The update also amends existing guidance related to situations when an entity receives a step-up in the tax basis of goodwill (prospective basis), allocation of income tax expense when members of a consolidated tax filing group issue separate financial statements (retrospective basis for all periods presented), interim recognition of enactment of tax laws or rate changes (prospective basis) and franchise taxes and other taxes partially based on income (retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption). The standard is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The method of adoption is noted parenthetically after each amendment above.

The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

Financial Services – Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB updated the accounting standard related to long-duration insurance contracts. The guidance revises key elements of the measurement models and disclosure requirements for long-duration insurance contracts issued by insurers and reinsurers.

The guidance establishes a significant new category of benefit features called market risk benefits that protect the contractholder from other-than-nominal capital market risk and expose the insurer to that risk. Insurers will have to measure market risk benefits at fair value. Market risk benefits include variable annuity guaranteed benefits (i.e. guaranteed minimum death, withdrawal, withdrawal for life, accumulation and income benefits). The portion of the change in fair value attributable to a change in the instrument-specific credit risk of market risk benefits in a liability position will be recorded in OCI.

Significant changes also relate to the measurement of the liability for future policy benefits for nonparticipating traditional long-duration insurance contracts and immediate annuities with a life contingent feature include the following:

- Insurers will be required to review and update the cash flow assumptions used to measure the liability for future policy benefits rather than using assumptions locked in at contract inception. The review of assumptions to measure the liability for all future policy benefits will be required annually at the same time each year, or more frequently if suggested by experience. The effect of updating assumptions will be measured on a retrospective catch-up basis and presented separate from the ongoing policyholder benefit expense in the statement of operations in the period the update is made. This new unlocking process will be required for the Company's term and whole life insurance, disability income, long term care insurance and immediate annuities with a life contingent feature.
- The discount rate used to measure the liability for future policy benefits will be standardized. The current requirement to use a discount rate reflecting expected investment yields will change to an upper-medium grade (low credit risk) fixed income corporate instrument yield (generally interpreted as an "A" rating) reflecting the duration characteristics of the liability. Entities will be required to update the discount rate at each reporting date with the effect of discount rate changes reflected in OCI.
- The current premium deficiency test is being replaced with a net premium ratio cap of 100%. If the net premium ratio (i.e. the ratio of the present value of total expected benefits and related expenses to the present value of total expected premiums) exceeds 100%, insurers are required to recognize a loss in the statement of operations in the period. Contracts from different issue years will no longer be permitted to be grouped to determine contracts in a loss position.

In addition, the update requires DAC and DSIC relating to all long-duration contracts and most investment contracts to be amortized on a straight-line basis over the expected life of the contract independent of profit emergence. Under the new guidance, interest will not accrue to the deferred balance and DAC and DSIC will not be subject to an impairment test.

The update requires significant additional disclosures, including disaggregated rollforwards of the liability for future policy benefits, policyholder account balances, market risk benefits, DAC and DSIC, as well as qualitative and quantitative information about expected cash flows, estimates and assumptions. The update is effective for interim and annual periods beginning after December 15, 2021. The standard should be applied to the liability for future policy benefits and DAC and DSIC on a modified retrospective basis and applied to market risk benefits on a retrospective basis with the option to apply full retrospective transition if certain criteria are met. Early adoption is permitted. The Company is currently evaluating the impact of the standard on its consolidated results of operations, financial condition and disclosures.

Intangibles – Goodwill and Other – Internal-Use Software – Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract

In August 2018, the FASB updated the accounting standards related to customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. The update requires implementation costs for a CCA to be evaluated for capitalization using the same approach as implementation costs associated with internal-use software. The update also addresses presentation, measurement and impairment of capitalized implementation costs in a CCA that is a service contract. The update requires new disclosures on the nature of hosting arrangements that are service contracts, significant judgements made when applying the guidance and quantitative disclosures, including amounts capitalized, amortized and impaired. The update is effective for interim and annual periods beginning after December 15, 2019, and can be applied either prospectively or retrospectively. The Company adopted the standard using a prospective approach on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Intangibles – Goodwill and Other – Simplifying the Test for Goodwill Impairment

In January 2017, the FASB updated the accounting standards to simplify the accounting for goodwill impairment. The update removes the hypothetical purchase price allocation (Step 2) of the goodwill impairment test. Goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value. The standard is effective for interim and annual periods beginning after December 15, 2019, and should be applied prospectively with early adoption permitted for any impairment tests performed after January 1, 2017. The Company adopted the standard on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB updated the accounting standards related to accounting for credit losses on certain types of financial instruments. The update replaces the current incurred loss model for estimating credit losses with a new model that requires an entity to estimate the credit losses expected over the life of the asset. Generally, the initial estimate of the expected credit losses and subsequent changes in the estimate will be reported in current period earnings and recorded through an allowance for credit losses on the balance sheet. The current credit loss model for Available-for-Sale debt securities does not change; however, the credit loss calculation and subsequent recoveries are required to be recorded through an allowance. The standard is effective for interim and annual periods beginning after December 15, 2019. A modified retrospective cumulative adjustment to retained earnings should be recorded as of the first reporting period in which the guidance is effective for loans, receivables, and other financial instruments subject to the new expected credit loss model. Prospective adoption is required for establishing an allowance related to Available-for-Sale debt securities, certain beneficial interests, and financial assets purchased with a more-than-insignificant amount of credit deterioration since origination. The Company adopted the standard on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

4. Revenue from Contracts with Customers

The following tables present revenue disaggregated by segment on an adjusted operating basis with a reconciliation of segment revenues to those reported on the Consolidated Statements of Operations:

	Year Ended December 31, 2019							
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Total Segments	Non-operating Revenue	Total
	(in millions)							
Management and financial advice fees:								
Asset management fees:								
Retail	$ —	$ 1,783	$ —	$ —	$ —	$ 1,783	$ —	$ 1,783
Institutional	—	495	—	—	—	495	—	495
Advisory fees	3,156	—	—	—	—	3,156	—	3,156
Financial planning fees	330	—	—	—	—	330	—	330
Transaction and other fees	355	189	55	8	—	607	—	607
Total management and financial advice fees	3,841	2,467	55	8	—	6,371	—	6,371
Distribution fees:								
Mutual funds	726	237	—	—	—	963	—	963
Insurance and annuity	875	171	329	28	6	1,409	—	1,409
Other products	680	—	—	—	—	680	—	680
Total distribution fees	2,281	408	329	28	6	3,052	—	3,052
Other revenues	177	4	—	—	—	181	—	181
Total revenue from contracts with customers	6,299	2,879	384	36	6	9,604	—	9,604
Revenue from other sources [1]	436	34	2,075	1,011	1,096	4,652	265	4,917
Total segment gross revenues	6,735	2,913	2,459	1,047	1,102	14,256	265	14,521
Less: Banking and deposit interest expense	136	—	—	—	8	144	—	144
Total segment net revenues	6,599	2,913	2,459	1,047	1,094	14,112	265	14,377
Less: intersegment revenues	924	55	367	62	(6)	1,402	8	1,410
Total net revenues	$ 5,675	$ 2,858	$ 2,092	$ 985	$ 1,100	$ 12,710	$ 257	$ 12,967

	Year Ended December 31, 2018							
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Total Segments	Non-operating Revenue	Total
	(in millions)							
Management and financial advice fees:								
Asset management fees:								
Retail	$ —	$ 1,874	$ —	$ —	$ —	$ 1,874	$ —	$ 1,874
Institutional	—	453	—	—	—	453	—	453
Advisory fees	2,865	—	—	—	—	2,865	—	2,865
Financial planning fees	318	—	—	—	—	318	—	318
Transaction and other fees	355	190	57	8	—	610	—	610
Total management and financial advice fees	3,538	2,517	57	8	—	6,120	—	6,120
Distribution fees:								
Mutual funds	729	260	—	—	—	989	—	989
Insurance and annuity	890	173	332	28	7	1,430	—	1,430
Other products	622	—	—	—	—	622	—	622
Total distribution fees	2,241	433	332	28	7	3,041	—	3,041
Other revenues	171	3	—	1	—	175	—	175
Total revenue from contracts with customers	5,950	2,953	389	37	7	9,336	—	9,336
Revenue from other sources [1]	328	58	2,087	1,059	1,335	4,867	158	5,025
Total segment gross revenues	6,278	3,011	2,476	1,096	1,342	14,203	158	14,361
Less: Banking and deposit interest expense	89	—	—	—	6	95	—	95
Total segment net revenues	6,189	3,011	2,476	1,096	1,336	14,108	158	14,266
Less: intersegment revenues	952	50	356	61	(5)	1,414	17	1,431
Total net revenues	$ 5,237	$ 2,961	$ 2,120	$ 1,035	$ 1,341	$ 12,694	$ 141	$ 12,835

	Year Ended December 31, 2017							
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Total Segments	Non-operating Revenue	Total
	(in millions)							
Management and financial advice fees:								
Asset management fees:								
Retail	$ —	$ 1,851	$ —	$ —	$ —	$ 1,851	$ —	$ 1,851
Institutional	—	495	—	—	—	495	—	495
Advisory fees	2,494	—	—	—	—	2,494	—	2,494
Financial planning fees	297	—	—	—	—	297	—	297
Transaction and other fees	362	202	57	8	—	629	—	629
Total management and financial advice fees	3,153	2,548	57	8	—	5,766	—	5,766
Distribution fees:								
Mutual funds	765	289	—	—	—	1,054	—	1,054
Insurance and annuity	855	169	327	28	5	1,384	—	1,384
Other products	475	—	—	—	—	475	—	475
Total distribution fees	2,095	458	327	28	5	2,913	—	2,913
Other revenues	164	2	—	—	—	166	—	166
Total revenue from contracts with customers	5,412	3,008	384	36	5	8,845	—	8,845
Revenue from other sources [1]	252	64	2,115	947	1,232	4,610	154	4,764
Total segment gross revenues	5,664	3,072	2,499	983	1,237	13,455	154	13,609
Less: Banking and deposit interest expense	48	—	—	—	3	51	—	51
Total segment net revenues	5,616	3,072	2,499	983	1,234	13,404	154	13,558
Less: intersegment revenues	953	47	351	62	(2)	1,411	15	1,426
Total net revenues	$ 4,663	$ 3,025	$ 2,148	$ 921	$ 1,236	$ 11,993	$ 139	$ 12,132

[1] Revenues not included in the scope of the revenue from contracts with customers standard. The amounts primarily consist of revenue associated with insurance and annuity products or financial instruments.

Prior period revenues for the Protection and Corporate segments in the table above have been restated to reflect the transfer of AAH results to the Corporate segment in the first quarter of 2019. See Note 19 for additional information on the sale of AAH.

The following discussion describes the nature, timing, and uncertainty of revenues and cash flows arising from the Company's contracts with customers on a consolidated basis.

Management and Financial Advice Fees

Asset Management Fees

The Company earns revenue for performing asset management services for retail and institutional clients. The revenue is earned based on a fixed or tiered rate applied, as a percentage, to assets under management. Assets under management vary with market fluctuations and client behavior. The asset management performance obligation is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Asset management fees are accrued, invoiced and collected on a monthly or quarterly basis.

The Company's asset management contracts for Open Ended Investment Companies ("OEICs") in the UK and Société d'Investissement à Capital Variable ("SICAVs") in Europe include performance obligations for asset management and fund distribution services. The amounts received for these services are reported as management and financial advice fees. The revenue recognition pattern is the same for both performance obligations as the fund distribution services revenue is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment) and not recognized until assets under management are known.

The Company may also earn performance-based management fees on institutional accounts, hedge funds, collateralized loan obligations ("CLOs"), OEICs, SICAVs and property funds based on a percentage of account returns in excess of either a benchmark index or a contractually specified level. This revenue is variable and impacted primarily by the performance of the assets being managed compared to the benchmark index or contractually specified level. The revenue is not recognized until it is probable that a significant reversal will not occur. Performance-based management fees are invoiced on a quarterly or annual basis.

Advisory Fees

The Company earns revenue for performing investment advisory services for certain brokerage customer's discretionary and non-discretionary managed accounts. The revenue is earned based on a contractual fixed rate applied, as a percentage, to the market value of assets held in the account. The investment advisory performance obligation is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Advisory fees are accrued daily and invoiced or charged on a monthly or quarterly basis.

Financial Planning Fees

The Company earns revenue for providing financial plans to its clients. The revenue earned for each financial plan is either a fixed fee (received monthly, quarterly or annually) or a variable fee (received monthly or quarterly) based on a contractual fixed rate applied, as a percentage, to assets held in a client's investment advisory account. The financial planning fee is based on the complexity of a client's financial and life situation and his or her advisor's experience. The performance obligation is satisfied at the time the financial plan is delivered to the customer. The Company records a contract liability for the unearned revenue when cash is received before the plan is delivered. The financial plan contracts with clients are annual contracts. Amounts recorded as a contract liability are recognized as revenue when the financial plan is delivered, which occurs within the annual contract period.

For fixed fee arrangements, revenue is recognized when the financial plan is delivered. The Company accrues revenue for any amounts that have not been received at the time the financial plan is delivered.

For variable fee arrangements, revenue is recognized for cash that has been received when the financial plan is delivered. The amount received after the plan is delivered is variably constrained due to factors outside the Company's control including market volatility and client behavior. The revenue is recognized when it is probable that a significant reversal will not occur that is generally each month or quarter end as the advisory account balance uncertainty is resolved.

Contract liabilities for financial planning fees, which are included in other liabilities in the Consolidated Balance Sheets, were $143 million and $138 million as of December 31, 2019 and 2018, respectively.

The Company pays sales commissions to advisors when a new financial planning contract is obtained or when an existing contract is renewed. The sales commissions paid to the advisors prior to financial plan delivery are considered costs to obtain a contract with a customer and are initially capitalized. When the performance obligation to deliver the financial plan is satisfied, the commission is recognized as distribution expense. Capitalized costs to obtain these contracts are reported in other assets in the Consolidated Balance Sheets, and were $116 million and $112 million as of December 31, 2019 and 2018, respectively.

Transaction and Other Fees

The Company earns revenue for providing customer support, shareholder and administrative services (including transfer agent services) for affiliated mutual funds and networking, sub-accounting and administrative services for unaffiliated mutual funds. The Company also receives revenue for providing custodial services and account maintenance services on brokerage and retirement accounts that are not included in an advisory relationship. Transfer agent and administrative revenue is earned based on either a fixed rate applied, as a percentage, to assets under management or an annual fixed fee for each fund position. Networking and sub-accounting revenue is earned based on either an annual fixed fee for each account or an annual fixed fee for each fund position. Custodial and account maintenance revenue is generally earned based on a quarterly or annual fixed fee for each account. Each of the customer support and administrative services performance obligations are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Transaction and other fees (other than custodial service fees) are invoiced or charged to brokerage accounts on a monthly or quarterly basis. Custodial service fees are invoiced or charged to brokerage accounts on an annual basis. Contract liabilities for custodial service fees, which are included in other liabilities in the Consolidated Balance Sheets, were nil as of both December 31, 2019 and 2018.

The Company earns revenue for providing trade execution services to franchise advisors. The trade execution performance obligation is satisfied at the time of each trade and the revenue is primarily earned based on a fixed fee per trade. These fees are invoiced and collected on a semi-monthly basis.

Distribution Fees

Mutual Funds and Insurance and Annuity Products

The Company earns revenue for selling affiliated and unaffiliated mutual funds, fixed and variable annuities and insurance products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment or holds the contract and is generally earned based on a fixed rate applied, as a percentage, to the net asset value of the fund, or the value of the insurance policy or annuity contract. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long

clients hold their investment, insurance policy or annuity contract). This ongoing revenue may be recognized for many years after the initial sale. The revenue will not be recognized until it is probable that a significant reversal will not occur.

The Company earns revenue for providing unaffiliated partners an opportunity to educate the Company's advisors or to support availability and distribution of their products on the Company's platforms. These payments allow the outside parties to train and support the advisors, explain the features of their products and distribute marketing and educational materials, and support trading and operational systems necessary to enable the Company's client servicing and production distribution efforts. The Company earns revenue for placing and maintaining unaffiliated fund partners and insurance companies' products on the Company's sales platform (subject to the Company's due diligence standards). The revenue is primarily earned based on a fixed fee or a fixed rate applied, as a percentage, to the market value of assets invested. These performance obligations are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. These fees are invoiced and collected on monthly basis.

Other Products

The Company earns revenue for selling unaffiliated alternative products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment and is earned generally based on a fixed rate applied, as a percentage, to the market value of the investment. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment). The revenue will not be recognized until it is probable that a significant reversal will not occur.

The Company earns revenue from brokerage clients for the execution of requested trades. The performance obligation is satisfied at the time of trade execution and amounts are received on the settlement date. The revenue varies for each trade based on various factors that include the type of investment, dollar amount of the trade and how the trade is executed (online or broker assisted).

The Company earns revenue for placing clients' deposits in its brokerage sweep program with third-party banks. The amount received from the third-party banks is impacted by short-term interest rates. The performance obligation with the financial institutions that participate in the sweep program is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. The revenue is earned daily and settled monthly based on a rate applied, as a percentage, to the deposits placed.

Other Revenues

The Company earns revenue from fees charged to franchise advisors for providing various services the advisors need to manage and grow their practices. The primary services include: licensing of intellectual property and software, compliance supervision, insurance coverage, technology services and support, consulting and other services. The services are either provided by the Company or third- party providers. The Company controls the services provided by third parties as it has the right to direct the third parties to perform the services, is primarily responsible for performing the services and sets the prices the advisors are charged. The Company recognizes revenue for the gross amount of the fees received from the advisors. The fees are primarily collected monthly as a reduction of commission payments.

Intellectual property and software licenses, along with compliance supervision, insurance coverage, and technology services and support are primarily earned based on a monthly fixed fee. These services are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. The consulting and other services performance obligations are satisfied as the services are delivered and revenue is earned based upon the level of service requested. Prior to the implementation of the revenue recognition standard, fees received from the advisors for software licenses, compliance supervision, technology services and support, consulting, and other services were recorded as a reduction to the Company's expenses to provide the services and totaled $103 million for the year ended December 31, 2017.

Receivables

Receivables for revenue from contracts with customers are recognized when the performance obligation is satisfied and the Company has an unconditional right to the revenue. Receivables related to revenues from contracts with customers were $400 million and $644 million as of December 31, 2019 and 2018, respectively.

5. Variable Interest Entities

The Company provides asset management services to investment entities which are considered to be VIEs, such as CLOs, hedge funds and other private funds, property funds, and certain non-U.S. series funds (OEICs and SICAVs) (collectively, "investment entities"), which are sponsored by the Company. In addition, the Company invests in structured investments other than CLOs and certain affordable housing partnerships which are considered VIEs. The Company consolidates certain investment entities (collectively, "consolidated investment entities") if the Company is deemed to be the primary beneficiary. Other than future funding commitments that are legally binding, the Company has no obligation to provide financial or other support to the non-consolidated VIEs beyond its investment nor has the Company provided any support to these entities. See Note 26 for information on future funding commitments.

See Note 2 for further discussion of the Company's accounting policy on consolidation.

CLOs

CLOs are asset backed financing entities collateralized by a pool of assets, primarily syndicated loans and, to a lesser extent, high-yield bonds. Multiple tranches of debt securities are issued by a CLO, offering investors various maturity and credit risk

characteristics. The debt securities issued by the CLOs are non-recourse to the Company. The CLO's debt holders have recourse only to the assets of the CLO. The assets of the CLOs cannot be used by the Company. Scheduled debt payments are based on the performance of the CLO's collateral pool. The Company earns management fees from the CLOs based on the value of the CLO's collateral pool and, in certain instances, may also receive incentive fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company has invested in a portion of the unrated, junior subordinated notes of certain CLOs. The Company consolidates certain CLOs where it is the primary beneficiary and has the power to direct the activities that most significantly impact the economic performance of the CLO.

The Company's maximum exposure to loss with respect to non-consolidated CLOs is limited to its amortized cost, which was $4 million and $5 million as of December 31, 2019 and 2018, respectively. The Company classifies these investments as Available-for-Sale securities. See Note 6 for additional information on these investments.

Property Funds

The Company provides investment advice and related services to property funds, some of which are considered VIEs. For investment management services, the Company generally earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company does not have a significant economic interest and is not required to consolidate any of the property funds. The Company's maximum exposure to loss with respect to its investment in these entities is limited to its carrying value. The carrying value of the Company's investment in property funds is reflected in other investments and was $12 million and $18 million as of December 31, 2019 and 2018, respectively.

Hedge Funds and other Private Funds

The Company does not consolidate hedge funds and other private funds which are sponsored by the Company and considered VIEs. For investment management services, the Company earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services and the Company does not have a significant economic interest in any fund. The Company's maximum exposure to loss with respect to its investment in these entities is limited to its carrying value. The carrying value of the Company's investment in these entities is reflected in other investments and was nil and $7 million as of December 31, 2019 and 2018, respectively.

Non-U.S. Series Funds

The Company manages non-U.S. series funds, which are considered VIEs. For investment management services, the Company earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company does not consolidate these funds and its maximum exposure to loss is limited to its carrying value. The carrying value of the Company's investment in these funds is reflected in other investments and was $15 million and $30 million as of December 31, 2019 and 2018, respectively.

Affordable Housing Partnerships and Other Real Estate Partnerships

The Company is a limited partner in affordable housing partnerships that qualify for government-sponsored low income housing tax credit programs and partnerships that invest in multi-family residential properties that were originally developed with an affordable housing component. The Company has determined it is not the primary beneficiary and therefore does not consolidate these partnerships.

A majority of the limited partnerships are VIEs. The Company's maximum exposure to loss as a result of its investment in the VIEs is limited to the carrying value. The carrying value is reflected in other investments and was $270 million and $352 million as of December 31, 2019 and 2018, respectively. The Company had a $15 million and a $43 million liability recorded as of December 31, 2019 and 2018, respectively, related to original purchase commitments not yet remitted to the VIEs. The Company has not provided any additional support and is not contractually obligated to provide additional support to the VIEs beyond the funding commitments.

Structured Investments

The Company invests in structured investments which are considered VIEs for which it is not the sponsor. These structured investments typically invest in fixed income instruments and are managed by third parties and include asset backed securities, commercial and residential mortgage backed securities. The Company classifies these investments as Available-for-Sale securities. The Company has determined that it is not the primary beneficiary of these structures due to the size of the Company's investment in the entities and position in the capital structure of these entities. The Company's maximum exposure to loss as a result of its investment in these structured investments is limited to its amortized cost. See Note 6 for additional information on these structured investments.

Fair Value of Assets and Liabilities

The Company categorizes its fair value measurements according to a three-level hierarchy. See Note 15 for the definition of the three levels of the fair value hierarchy.

The following tables present the balances of assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$ —	$ 8	$ —	$ 8
Common stocks	1	—	—	1
Syndicated loans	—	1,454	143	1,597
Total investments	1	1,462	143	1,606
Receivables	—	8	—	8
Total assets at fair value	$ 1	$ 1,470	$ 143	$ 1,614
Liabilities				
Debt [1]	$ —	$ 1,628	$ —	$ 1,628
Other liabilities	—	84	—	84
Total liabilities at fair value	$ —	$ 1,712	$ —	$ 1,712

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$ —	$ 9	$ —	$ 9
Common stocks	1	1	—	2
Other investments	4	—	—	4
Syndicated loans	—	1,465	226	1,691
Total investments	5	1,475	226	1,706
Receivables	—	12	—	12
Total assets at fair value	$ 5	$ 1,487	$ 226	$ 1,718
Liabilities				
Debt [1]	$ —	$ 1,743	$ —	$ 1,743
Other liabilities	—	122	—	122
Total liabilities at fair value	$ —	$ 1,865	$ —	$ 1,865

[1] The carrying value of the CLOs' debt is set equal to the fair value of the CLOs' assets. The estimated fair value of the CLOs' debt was $1.7 billion as of both December 31, 2019 and 2018.

The following tables provide a summary of changes in Level 3 assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	Syndicated Loans
	(in millions)
Balance, January 1, 2019	$ 226
Total gains (losses) included in:	
Net income	(2) [1]
Purchases	91
Sales	(11)
Settlements	(68)
Transfers into Level 3	272
Transfers out of Level 3	(365)
Balance, December 31, 2019	$ 143
Changes in unrealized gains (losses) included in income relating to assets held at December 31, 2019	$ (3) [1]

	Common Stocks	Syndicated Loans
	(in millions)	
Balance, January 1, 2018	$ 4	$ 180
Total gains (losses) included in:		
Net income	6 [1]	(1) [1]
Purchases	—	97
Sales	(10)	(41)
Settlements	—	(52)
Transfers into Level 3	4	173
Transfers out of Level 3	(2)	(160)
Consolidation of consolidated investment entities	—	54
Deconsolidation of consolidated investment entities	(2)	(24)
Balance, December 31, 2018	$ —	$ 226
Changes in unrealized gains (losses) included in income relating to assets held at December 31, 2018	$ —	$ (4) [1]

	Corporate Debt Securities	Common Stocks	Syndicated Loans
	(in millions)		
Balance, January 1, 2017	$ —	$ 5	$ 254
Total gains (losses) included in:			
Net income	—	(1) [1]	—
Purchases	—	3	146
Sales	(2)	(2)	(28)
Settlements	—	—	(70)
Transfers into Level 3	2	7	266
Transfers out of Level 3	—	(8)	(388)
Balance, December 31, 2017	$ —	$ 4	$ 180
Changes in unrealized gains (losses) included in income relating to assets held at December 31, 2017	$ —	$ (1) [1]	$ (1) [1]

[1] Included in net investment income in the Consolidated Statements of Operations.

Securities and loans transferred from Level 3 primarily represent assets with fair values that are now obtained from a third-party pricing service with observable inputs or priced in active markets. Securities and loans transferred to Level 3 represent assets with fair values that are now based on a single non-binding broker quote.

All Level 3 measurements as of December 31, 2019 and 2018 were obtained from non-binding broker quotes where unobservable inputs utilized in the fair value calculation are not reasonably available to the Company.

Determination of Fair Value

Assets

Investments

The fair value of syndicated loans obtained from third-party pricing services using a market approach with observable inputs is classified as Level 2. The fair value of syndicated loans obtained from third-party pricing services with a single non-binding broker quote as the underlying valuation source is classified as Level 3. The underlying inputs used in non-binding broker quotes are not readily available to the Company. See Note 15 for a description of the Company's determination of the fair value of corporate debt securities, common stocks and other investments.

Receivables

For receivables of the consolidated CLOs, the carrying value approximates fair value as the nature of these assets has historically been short term and the receivables have been collectible. The fair value of these receivables is classified as Level 2.

Liabilities

Debt

The fair value of the CLOs' assets, typically syndicated bank loans, is more observable than the fair value of the CLOs' debt tranches for which market activity is limited and less transparent. As a result, the fair value of the CLOs' debt is set equal to the fair value of the CLOs' assets and is classified as Level 2.

Other Liabilities

Other liabilities consist primarily of securities purchased but not yet settled held by consolidated CLOs. The carrying value approximates fair value as the nature of these liabilities has historically been short term. The fair value of these liabilities is classified as Level 2.

Fair Value Option

The Company has elected the fair value option for the financial assets and liabilities of the consolidated CLOs. Management believes that the use of the fair value option better matches the changes in fair value of assets and liabilities related to the CLOs.

The following table presents the fair value and unpaid principal balance of loans and debt for which the fair value option has been elected:

	December 31,	
	2019	2018
	(in millions)	
Syndicated loans		
Unpaid principal balance	$ 1,678	$ 1,743
Excess unpaid principal over fair value	(81)	(52)
Fair value	$ 1,597	$ 1,691
Fair value of loans more than 90 days past due	$ 4	$ —
Fair value of loans in nonaccrual status	42	—
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in nonaccrual status or both	18	—
Debt		
Unpaid principal balance	$ 1,761	$ 1,951
Excess unpaid principal over fair value	(133)	(208)
Carrying value [1]	$ 1,628	$ 1,743

[1] The carrying value of the CLOs' debt is set equal to the fair value of the CLOs' assets. The estimated fair value of the CLOs' debt was $1.7 billion as of both December 31, 2019 and 2018.

Interest income from syndicated loans, bonds and structured investments is recorded based on contractual rates in net investment income. Gains and losses related to changes in the fair value of investments and gains and losses on sales of investments are also recorded in net investment income. Interest expense on debt is recorded in interest and debt expense with gains and losses related to changes in the fair value of debt recorded in net investment income.

Total net gains (losses) recognized in net investment income related to changes in the fair value of financial assets and liabilities for which the fair value option was elected were $(9) million, $47 million and $(5) million for the years ended December 31, 2019, 2018 and 2017, respectively.

Debt of the consolidated investment entities and the stated interest rates were as follows:

	Carrying Value		Weighted Average Interest Rate	
	December 31,		December 31,	
	2019	2018	2019	2018
	(in millions)			
Debt of consolidated CLOs due 2025-2030	$ 1,628	$ 1,743	3.5%	3.7%

The debt of the consolidated CLOs has both fixed and floating interest rates, which range from 0% to 10.6%. The interest rates on the debt of CLOs are weighted average rates based on the outstanding principal and contractual interest rates.

6. Investments

The following is a summary of investments:

	December 31,	
	2019	2018
	(in millions)	
Available-for-Sale securities, at fair value	$ 33,129	$ 31,058
Mortgage loans, net	2,778	2,696
Policy loans	868	861
Other investments	1,140	1,210
Total	$ 37,915	$ 35,825

The following is a summary of net investment income:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Investment income on fixed maturities	$ 1,378	$ 1,353	$ 1,349
Net realized gains (losses)	(8)	10	46
Affordable housing partnerships	(98)	(58)	(100)
Other	97	154	108
Consolidated investment entities	94	137	106
Total	$ 1,463	$ 1,596	$ 1,509

Available-for-Sale securities distributed by type were as follows:

	December 31, 2019				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI [1]
	(in millions)				
Corporate debt securities	$ 10,847	$ 1,344	$ (4)	$ 12,187	$ —
Residential mortgage backed securities	9,954	94	(19)	10,029	—
Commercial mortgage backed securities	5,473	96	(6)	5,563	—
Asset backed securities	1,968	42	(4)	2,006	1
State and municipal obligations	1,131	238	(2)	1,367	—
U.S. government and agency obligations	1,679	1	—	1,680	—
Foreign government bonds and obligations	254	19	(2)	271	—
Other securities	26	—	—	26	—
Total	$ 31,332	$ 1,834	$ (37)	$ 33,129	$ 1

Description of Securities	December 31, 2018				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI [1]
	(in millions)				
Corporate debt securities	$ 13,741	$ 555	$ (230)	$ 14,066	$ —
Residential mortgage backed securities	6,373	34	(78)	6,329	—
Commercial mortgage backed securities	4,975	18	(116)	4,877	—
Asset backed securities	1,373	36	(11)	1,398	1
State and municipal obligations	2,166	192	(13)	2,345	—
U.S. government and agency obligations	1,745	—	—	1,745	—
Foreign government bonds and obligations	298	9	(9)	298	—
Total	$ 30,671	$ 844	$ (457)	$ 31,058	$ 1

[1] Represents the amount of other-than-temporary impairment ("OTTI") losses in AOCI. Amount includes unrealized gains and losses on impaired securities subsequent to the initial impairment measurement date. These amounts are included in gross unrealized gains and losses as of the end of the period.

As of December 31, 2019 and 2018, investment securities with a fair value of $2.2 billion and $1.5 billion, respectively, were pledged to meet contractual obligations under derivative contracts and short-term borrowings, of which $576 million and $510 million, respectively, may be sold, pledged or rehypothecated by the counterparty.

As of both December 31, 2019 and 2018, fixed maturity securities comprised approximately 87% of Ameriprise Financial investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations ("NRSROs"), including Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings Ltd. ("Fitch"). The Company uses the median of available ratings from Moody's, S&P and Fitch, or, if fewer than three ratings are available, the lower rating is used. When ratings from Moody's, S&P and Fitch are unavailable, the Company may utilize ratings from other NRSROs or rate the securities internally. As of December 31, 2019 and 2018, the Company's internal analysts rated $624 million and $755 million, respectively, of securities using criteria similar to those used by NRSROs.

A summary of fixed maturity securities by rating was as follows:

Ratings	December 31, 2019			December 31, 2018		
	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in millions, except percentages)					
AAA	$ 18,256	$ 18,437	56%	$ 13,399	$ 13,252	43%
AA	1,113	1,304	4	1,571	1,723	5
A	3,008	3,474	10	3,667	3,899	13
BBB	8,178	9,102	28	11,102	11,290	36
Below investment grade [1]	777	812	2	932	894	3
Total fixed maturities	$ 31,332	$ 33,129	100%	$ 30,671	$ 31,058	100%

[1] The amortized cost and fair value of below investment grade securities includes interest in CLOs managed by the Company of $5 million and $6 million, respectively, as of both December 31, 2019 and 2018. These securities are not rated but are included in below investment grade due to their risk characteristics.

As of December 31, 2019 and 2018, approximately 45% and 36%, respectively, of securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities. No holdings of any issuer were greater than 10% of total equity.

The following tables provide information about Available-for-Sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position:

	December 31, 2019								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	13	$ 66	$ (1)	23	$ 173	$ (3)	36	$ 239	$ (4)
Residential mortgage backed securities	150	4,328	(10)	118	1,164	(9)	268	5,492	(19)
Commercial mortgage backed securities	52	1,622	(3)	31	314	(3)	83	1,936	(6)
Asset backed securities	34	598	(3)	16	213	(1)	50	811	(4)
State and municipal obligations	5	23	—	4	57	(2)	9	80	(2)
Foreign government bonds and obligations	1	—	—	10	15	(2)	11	15	(2)
Total	255	$ 6,637	$ (17)	202	$ 1,936	$ (20)	457	$ 8,573	$ (37)

	December 31, 2018								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	345	$ 5,522	$ (152)	148	$ 1,717	$ (78)	493	$ 7,239	$ (230)
Residential mortgage backed securities	142	2,029	(18)	175	2,132	(60)	317	4,161	(78)
Commercial mortgage backed securities	104	2,062	(30)	112	1,806	(86)	216	3,868	(116)
Asset backed securities	38	491	(6)	35	396	(5)	73	887	(11)
State and municipal obligations	81	255	(4)	100	254	(9)	181	509	(13)
Foreign government bonds and obligations	17	86	(4)	14	17	(5)	31	103	(9)
Total	727	$ 10,445	$ (214)	584	$ 6,322	$ (243)	1,311	$ 16,767	$ (457)

As part of Ameriprise Financial's ongoing monitoring process, management determined that the change in gross unrealized losses on its Available-for-Sale securities is attributable to lower interest rates as well as tighter credit spreads.

The following table presents a rollforward of the cumulative amounts recognized in the Consolidated Statements of Operations for OTTI related to credit losses on Available-for-Sale securities for which a portion of the securities' total OTTI was recognized in OCI:

	December 31,		
	2019	2018	2017
	(in millions)		
Beginning balance	$ 2	$ 2	$ 69
Credit losses for which an other-than-temporary impairment was not previously recognized	15	—	—
Credit losses for which an other-than-temporary impairment was previously recognized	2	—	1
Reductions for securities sold during the period (realized)	(1)	—	(68)
Ending balance	$ 18	$ 2	$ 2

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in earnings were as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Gross realized investment gains	$ 30	$ 18	$ 63
Gross realized investment losses	(14)	(9)	(7)
Other-than-temporary impairments	(22)	—	(1)
Total	$ (6)	$ 9	$ 55

Other-than temporary impairments for the year ended December 31, 2019 primarily related to credit losses on corporate debt securities and investments held by AAH. The Company recognized an impairment of $5 million in the first quarter of 2019 on investments held by AAH as the Company no longer intended to hold the securities until the recovery of fair value to book value. See Note 19 for additional information on the sale of AAH. Other-than temporary impairments for the year ended December 31, 2017 primarily related to credit losses on asset backed securities.

See Note 21 for a rollforward of net unrealized investment gains (losses) included in AOCI.

Available-for-Sale securities by contractual maturity as of December 31, 2019 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 2,471	$ 2,476
Due after one year through five years	4,723	4,900
Due after five years through 10 years	2,667	2,890
Due after 10 years	4,076	5,265
	13,937	15,531
Residential mortgage backed securities	9,954	10,029
Commercial mortgage backed securities	5,473	5,563
Asset backed securities	1,968	2,006
Total	$ 31,332	$ 33,129

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities were not included in the maturities distribution.

7. Financing Receivables

The Company's financing receivables primarily include commercial mortgage loans, syndicated loans, policy loans, advisor loans, margin loans, credit card receivables and the deposit receivable. See Note 2 for information regarding the Company's accounting policies related to loans and the allowance for loan losses.

Allowance for Loan Losses

Policy loans do not exceed the cash surrender value at origination. As there is minimal risk of loss related to policy loans, the Company does not record an allowance for loan losses. The Company monitors collateral supporting margin loans and requests additional collateral when necessary in order to mitigate the risk of loss. The Company does not have an allowance for loan losses for the deposit receivable as the receivable is supported by a trust and there is minimal risk of loss.

Commercial Mortgage Loans and Syndicated Loans

The following table presents a rollforward of the allowance for loan losses for the years ended and the ending balance of the allowance for loan losses by impairment method:

	December 31,		
	2019	2018	2017
	(in millions)		
Beginning balance	$ 24	$ 26	$ 29
Charge-offs	(1)	(2)	(2)
Provisions	—	—	(1)
Ending balance	$ 23	$ 24	$ 26
Individually evaluated for impairment	$ —	$ —	$ —
Collectively evaluated for impairment	23	24	26

The recorded investment in financing receivables by impairment method was as follows:

	December 31,	
	2019	2018
	(in millions)	
Individually evaluated for impairment	$ 17	$ 24
Collectively evaluated for impairment	3,323	3,239
Total	$ 3,340	$ 3,263

As of December 31, 2019 and 2018, the Company's recorded investment in financing receivables individually evaluated for impairment for which there was no related allowance for loan losses was $17 million and $24 million, respectively. Unearned income, unamortized premiums and discounts, and net unamortized deferred fees and costs are not material to the Company's total loan balance.

During the years ended December 31, 2019, 2018 and 2017, the Company purchased $162 million, $221 million and $200 million, respectively, and sold $54 million, $51 million and $267 million, respectively, of loans. The loans purchased consisted of syndicated loans. The loans sold during 2019 and 2018 consisted of syndicated loans. The loans sold during 2017 primarily consisted of consumer mortgage loans. The Company recorded a loss of $7 million on the sale of consumer mortgage loans during the year ended December 31, 2017.

The Company has not acquired any loans with deteriorated credit quality as of the acquisition date.

Financial Advisor Loans

The Company offers loans to financial advisors for transitional cost assistance. Repayment of the loan is dependent on the retention of the financial advisor. In the event a financial advisor is no longer affiliated with the Company, any unpaid balances become immediately due. As of December 31, 2019 and 2018, principal amounts outstanding for advisor loans were $645 million and $558 million, respectively. As of December 31, 2019 and 2018, allowance for loan losses were $28 million and $25 million, respectively. The allowance for loan losses related to loans to financial advisors is not included in the tabular disclosures above. Of the gross balance outstanding, the portion associated with financial advisors who are no longer affiliated with the Company was $15 million and $18 million as of December 31, 2019 and 2018, respectively. The allowance for loan losses on these loans was $10 million and $13 million as of December 31, 2019 and 2018, respectively.

Credit Card Receivables

In the third quarter of 2019, Ameriprise Bank, FSB acquired a credit card portfolio from a third party bank. The credit cards are co-branded with Ameriprise Financial, Inc. and issued to the Company's customers by the third party. The principal amount outstanding of credit card receivables was $96 million as of December 31, 2019. The allowance for loan losses was not material as of December 31, 2019.

Credit Quality Information

Nonperforming loans were $25 million and $16 million as of December 31, 2019 and 2018, respectively. All other loans were considered to be performing.

Commercial Mortgage Loans

The Company reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Based on this review, the commercial mortgage loans are assigned an internal risk rating, which management updates as necessary. Commercial mortgage loans which management has assigned its highest risk rating

were less than 1% of total commercial mortgage loans as of both December 31, 2019 and 2018. Loans with the highest risk rating represent distressed loans which the Company has identified as impaired or expects to become delinquent or enter into foreclosure within the next six months. In addition, the Company reviews the concentrations of credit risk by region and property type.

Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	December 31,		December 31,	
	2019	2018	2019	2018
	(in millions)			
East North Central	$ 239	$ 216	9%	8%
East South Central	121	107	4	4
Middle Atlantic	182	187	6	7
Mountain	251	237	9	9
New England	54	62	2	2
Pacific	831	814	30	30
South Atlantic	723	731	26	27
West North Central	214	213	8	8
West South Central	182	148	6	5
	2,797	2,715	100%	100%
Less: allowance for loan losses	19	19		
Total	$ 2,778	$ 2,696		

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans		Percentage	
	December 31,		December 31,	
	2019	2018	2019	2018
	(in millions)			
Apartments	$ 692	$ 621	25%	23%
Hotel	51	43	2	1
Industrial	429	453	15	17
Mixed use	78	54	3	2
Office	419	435	15	16
Retail	931	897	33	33
Other	197	212	7	8
	2,797	2,715	100%	100%
Less: allowance for loan losses	19	19		
Total	$ 2,778	$ 2,696		

Syndicated Loans

The recorded investment in syndicated loans as of December 31, 2019 and 2018 was $543 million and $548 million, respectively. The Company's syndicated loan portfolio is diversified across industries and issuers. The primary credit indicator for syndicated loans is whether the loans are performing in accordance with the contractual terms of the syndication. Total nonperforming syndicated loans as of December 31, 2019 and 2018 were $11 million and nil, respectively.

Troubled Debt Restructurings

The recorded investment in restructured loans was not material as of both December 31, 2019 and 2018. Troubled debt restructurings did not have a material impact to the Company's allowance for loan losses or income recognized for the years ended December 31, 2019, 2018 and 2017. There are no commitments to lend additional funds to borrowers whose loans have been restructured.

Deposit Receivable

The deposit receivable was $1.5 billion as of December 31, 2019.

In the first quarter of 2019, the Company reinsured approximately $1.7 billion of fixed annuity polices sold through third parties, which is approximately 20% of in force fixed annuity account balances. The arrangement contains investment guidelines and a trust to meet the Company's risk management objectives. The transaction was effective as of January 1, 2019.

8. Reinsurance

The Company reinsures a portion of the insurance risks associated with its traditional life, DI and LTC insurance products through reinsurance agreements with unaffiliated reinsurance companies. Reinsurance contracts do not relieve the Company from its primary obligation to policyholders.

The Company generally reinsures 90% of the death benefit liability for new term life insurance policies beginning in 2001 and new individual UL and VUL insurance policies beginning in 2002. Policies issued prior to these dates are not subject to these same reinsurance levels.

However, for IUL policies issued after September 1, 2013 and VUL policies issued after January 1, 2014, the Company generally reinsures 50% of the death benefit liability. Similarly, the Company reinsures 50% of the death benefit and morbidity liabilities related to its UL product with LTC benefits.

The maximum amount of life insurance risk the Company will retain is $10 million on a single life and $10 million on any flexible premium survivorship life policy; however, reinsurance agreements are in place such that retaining more than $1.5 million of insurance risk on a single life or a flexible premium survivorship life policy is very unusual. Risk on UL and VUL policies is reinsured on a yearly renewable term basis. Risk on most term life policies starting in 2001 is reinsured on a coinsurance basis, a type of reinsurance in which the reinsurer participates proportionally in all material risks and premiums associated with a policy.

For existing LTC policies, the Company has continued ceding 50% of the risk on a coinsurance basis to subsidiaries of Genworth Financial, Inc. ("Genworth") and retains the remaining risk. For RiverSource Life of NY, this reinsurance arrangement applies for 1996 and later issues only. Under these agreements, the Company has the right, but never the obligation, to recapture some, or all, of the risk ceded to Genworth.

Generally, the Company retains at most $5,000 per month of risk per life on DI policies sold on policy forms introduced in most states starting in 2007 and reinsures the remainder of the risk on a coinsurance basis with unaffiliated reinsurance companies. The Company retains all risk for new claims on DI contracts sold on other policy forms introduced prior to 2007. The Company also retains all risk on accidental death benefit claims and substantially all risk associated with waiver of premium provisions.

As of both December 31, 2019 and 2018, traditional life and UL insurance policies in force were $195.1 billion, of which $142.8 billion and $142.4 billion as of December 31, 2019 and 2018 were reinsured at the respective year ends.

The effect of reinsurance on premiums for the Company's traditional long-duration contracts was as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Direct premiums	$ 621	$ 621	$ 637
Reinsurance ceded	(224)	(225)	(227)
Net premiums	$ 397	$ 396	$ 410

Cost of insurance and administrative charges for non-traditional long-duration products are reflected in other revenues and were net of reinsurance ceded of $132 million, $126 million and $114 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The effect of reinsurance on premiums for the Company's short-duration contracts was as follows:

	Years Ended December 31,		
	2019[1]	2018	2017
	(in millions)		
Written premiums			
Direct	$ 864	$ 1,101	$ 1,119
Ceded	(23)	(55)	(171)
Total net written premiums	$ 841	$ 1,046	$ 948
Earned premiums			
Direct	$ 841	$ 1,124	$ 1,107
Ceded	(24)	(94)	(123)
Total net earned premiums	$ 817	$ 1,030	$ 984

[1] 2019 amounts include AAH premiums as of September 30, 2019 prior to the sale.

The amount of claims recovered through reinsurance on all contracts was $407 million, $402 million and $357 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Receivables included $3.2 billion of reinsurance recoverables as of both December 31, 2019 and 2018, respectively, including $2.5 billion related to LTC risk ceded to Genworth, respectively.

Policyholder account balances, future policy benefits and claims include $466 million and $484 million related to previously assumed reinsurance arrangements as of December 31, 2019 and 2018, respectively.

9. Goodwill and Other Intangible Assets

Goodwill and intangible assets deemed to have indefinite lives are not amortized but are instead subject to impairment tests. There was a $5 million impairment of indefinite-lived intangible assets recorded for the year ended December 31, 2019. There were no impairments for the years ended December 31, 2018 and 2017.

The changes in the carrying amount of goodwill reported in the Company's main operating segments were as follows:

	Advice & Wealth Management	Asset Management	Annuities	Protection	Consolidated
			(in millions)		
Balance at January 1, 2018	$ 279	$ 805	$ 46	$ 45	$ 1,175
Foreign currency translation	—	(16)	—	—	(16)
Purchase price adjustments	—	(1)	—	—	(1)
Balance at December 31, 2018	279	788	46	45	1,158
Foreign currency translation	—	10	—	—	10
Purchase price adjustments	—	(1)	—	—	(1)
Balance at December 31, 2019	$ 279	$ 797	$ 46	$ 45	$ 1,167

As of December 31, 2019 and 2018, the carrying amount of indefinite-lived intangible assets included $641 million and $646 million, respectively, of investment management contracts. As of both December 31, 2019 and 2018, the carrying amount of indefinite-lived intangible assets included $69 million of trade names.

Definite-lived intangible assets consisted of the following:

	December 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in millions)			
Customer relationships	$ 192	$ (146)	$ 46	$ 184	$ (134)	$ 50
Contracts	219	(202)	17	215	(193)	22
Other	197	(147)	50	168	(124)	44
Total	$ 608	$ (495)	$ 113	$ 567	$ (451)	$ 116

Definite-lived intangible assets acquired during the year ended December 31, 2019 were $35 million with a weighted average amortization period of 5.5 years. The aggregate amortization expense for definite-lived intangible assets during the years ended December 31, 2019, 2018 and 2017 was $37 million, $30 million and $27 million, respectively. In 2019, 2018 and 2017, the Company did not record any impairment charges on definite-lived intangible assets.

Estimated intangible amortization expense as of December 31, 2019 for the next five years is as follows:

	(in millions)
2020	$ 28
2021	25
2022	21
2023	18
2024	6

10. Deferred Acquisition Costs and Deferred Sales Inducement Costs

In the third quarter of the year, management updates market-related inputs and implements model changes related to the living benefit valuation. In addition, management conducts its annual review of life insurance and annuity valuation assumptions relative to current experience and management expectations including modeling changes. These aforementioned changes are collectively referred to as unlocking. The impact of unlocking to DAC for the year ended December 31, 2019 primarily reflected updates to interest rate assumptions, partially offset by a favorable impact from lower surrenders on annuity contracts with a withdrawal benefit. The impact of unlocking to DAC for the year ended December 31, 2018 primarily reflected updated mortality assumptions on UL and VUL insurance products and lower surrender rate assumptions on variable annuities, partially offset by an unfavorable impact from updates

to assumptions on utilization of guaranteed withdrawal benefits. The impact of unlocking to DAC for the year ended December 31, 2017 primarily reflected improved persistency and mortality on UL and VUL insurance products and a correction related to a variable annuity model assumption partially offset by updates to market-related inputs to the living benefit valuation.

The balances of and changes in DAC were as follows:

	2019	2018	2017
		(in millions)	
Balance at January 1	$ 2,776	$ 2,676	$ 2,648
Capitalization of acquisition costs	291	318	302
Amortization, excluding the impact of valuation assumptions review	(165)	(355)	(279)
Amortization, impact of valuation assumptions review	(14)	33	12
Impact of change in net unrealized (gains) losses on securities	(175)	104	(7)
Disposal of business	(15)	—	—
Balance at December 31	$ 2,698	$ 2,776	$ 2,676

The balances of and changes in DSIC, which is included in other assets, were as follows:

	2019	2018	2017
		(in millions)	
Balance at January 1	$ 251	$ 276	$ 302
Capitalization of sales inducement costs	1	2	4
Amortization, excluding the impact of valuation assumptions review	(15)	(43)	(35)
Amortization, impact of valuation assumptions review	—	—	(1)
Impact of change in net unrealized (gains) losses on securities	(19)	16	6
Balance at December 31	$ 218	$ 251	$ 276

11. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities

Policyholder account balances, future policy benefits and claims consisted of the following:

	December 31,	
	2019	2018
	(in millions)	
Policyholder account balances		
Fixed annuities [1]	$ 8,909	$ 9,338
Variable annuity fixed sub-accounts	5,103	5,129
UL/VUL insurance	3,110	3,063
IUL insurance	2,025	1,728
Other life insurance	646	683
Total policyholder account balances	19,793	19,941
Future policy benefits		
Variable annuity GMWB	1,462	875
Variable annuity GMAB [2]	(39)	(19)
Other annuity liabilities	139	26
Fixed annuity life contingent liabilities	1,444	1,459
Life and DI insurance	1,212	1,221
LTC insurance	5,302	4,981
UL/VUL and other life insurance additional liabilities	1,033	749
Total future policy benefits	10,553	9,292
Policy claims and other policyholders' funds	166	891
Total policyholder account balances, future policy benefits and claims	$ 30,512	$ 30,124

[1] Includes fixed deferred annuities, non-life contingent fixed payout annuities and indexed annuity host contracts.
[2] Includes the fair value of GMAB embedded derivatives that was a net asset as of both December 31, 2019 and 2018 reported as a contra liability.

Fixed Annuities

Fixed annuities include deferred, payout and indexed annuity contracts.

Deferred contracts offer a guaranteed minimum rate of interest and security of the principal invested. Payout contracts guarantee a fixed income payment for life or the term of the contract. Liabilities for fixed annuities in a benefit or payout status are based on future estimated payments using established industry mortality tables and interest rates, ranging from 2.71% to 9.38% as of December 31, 2019, depending on year of issue, with an average rate of approximately 3.83%. The Company generally invests the proceeds from the annuity contracts in fixed rate securities.

The Company's equity indexed annuity ("EIA") product is a single premium fixed deferred annuity. The Company discontinued new sales of EIAs in 2007. The contract was issued with an initial term of seven years and interest earnings are linked to the performance of the S&P 500® Index. This annuity has a minimum interest rate guarantee of 3% on 90% of the initial premium, adjusted for any surrenders. The Company generally invests the proceeds from the annuity contracts in fixed rate securities and hedges the equity risk with derivative instruments.

The Company's fixed index annuity product is a fixed annuity that includes an indexed account. The rate of interest credited above the minimum guarantee for funds allocated to the indexed account is linked to the performance of the specific index for the indexed account (subject to a cap). The Company offers S&P 500® Index and MSCI® EAFE Index account options. Both options offer two crediting durations, one-year and two-year. The contractholder may allocate all or a portion of the policy value to a fixed or indexed account. The portion of the policy allocated to the indexed account is accounted for as an embedded derivative. The Company hedges the interest credited rate including equity and interest rate risk related to the indexed account with derivative instruments. The contractholder can choose to add a GMWB for life rider for an additional fee.

See Note 17 for additional information regarding the Company's derivative instruments used to hedge the risk related to indexed annuities.

Variable Annuities

Purchasers of variable annuities can select from a variety of investment options and can elect to allocate a portion to a fixed account. A vast majority of the premiums received for variable annuity contracts are held in separate accounts where the assets are held for the exclusive benefit of those contractholders.

Most of the variable annuity contracts currently issued by the Company contain one or more guaranteed benefits, including GMWB, GMAB, GMDB and GGU provisions. The Company previously offered contracts with GMIB provisions. See Notes 2 and 12 for additional information regarding the Company's variable annuity guarantees. The Company does not currently hedge its risk under the GGU and GMIB provisions. See Notes 15 and 17 for additional information regarding the Company's derivative instruments used to hedge risks related to GMWB, GMAB and GMDB provisions.

Insurance Liabilities

UL/VUL is the largest group of insurance policies written by the Company. Purchasers of UL accumulate cash value that increases by a fixed interest rate. Purchasers of VUL can select from a variety of investment options and can elect to allocate a portion to a fixed account or a separate account. A vast majority of the premiums received for VUL policies are held in separate accounts where the assets are held for the exclusive benefit of those policyholders.

IUL is a UL policy that includes an indexed account. The rate of credited interest above the minimum guarantee for funds allocated to the indexed account is linked to the performance of the specific index for the indexed account (subject to a cap and floor). The Company offers an S&P 500® Index account option and a blended multi-index account option comprised of the S&P 500 Index, the MSCI® EAFE Index and the MSCI EM Index. Both options offer two crediting durations, one-year and two-year. The policyholder may allocate all or a portion of the policy value to a fixed or any available indexed account. The portion of the policy allocated to the indexed account is accounted for as an embedded derivative at fair value. The Company hedges the interest credited rate including equity and interest rate risk related to the indexed account with derivative instruments. See Note 17 for additional information regarding the Company's derivative instruments used to hedge the risk related to IUL.

The Company also offers term life insurance as well as DI products. The Company no longer offers standalone LTC products and whole life insurance but has in force policies from prior years.

Insurance liabilities include accumulation values, incurred but not reported claims, obligations for anticipated future claims, unpaid reported claims and claim adjustment expenses.

The liability for estimates of benefits that will become payable on future claims on term life, whole life and DI policies is based on the net level premium and LTC policies is based on a gross premium valuation reflecting management's current best estimate assumptions. Both include the anticipated interest rates earned on assets supporting the liability. Anticipated interest rates for term and whole life ranged from 3% to 10% as of December 31, 2019. Anticipated interest rates for DI policies ranged from 3.5% to 7.5% as of December 31, 2019 and for LTC policies ranged from 5.8% to 6.8% as of December 31, 2019.

The liability for unpaid reported claims on DI and LTC policies includes an estimate of the present value of obligations for continuing benefit payments. The discount rates used to calculate present values are based on average interest rates earned on assets supporting the liability for unpaid amounts and were 4.5% and 6.0% for DI and LTC claims, respectively, as of December 31, 2019.

Portions of the Company's UL and VUL policies have product features that result in profits followed by losses from the insurance component of the policy. These profits followed by losses can be generated by the cost structure of the product or secondary guarantees in the policy. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

Separate Account Liabilities

Separate account liabilities consisted of the following:

	December 31,	
	2019	2018
	(in millions)	
Variable annuity	$ 74,965	$ 66,913
VUL insurance	7,429	6,451
Other insurance	31	29
Threadneedle investment liabilities	5,063	4,532
Total	$ 87,488	$ 77,925

Threadneedle Investment Liabilities

Threadneedle provides a range of unitized pooled pension funds, which invest in property, stocks, bonds and cash. The investments are selected by the clients and are based on the level of risk they are willing to assume. All investment performance, net of fees, is passed through to the investors. The value of the liabilities represents the fair value of the pooled pension funds.

12. Variable Annuity and Insurance Guarantees

The majority of the variable annuity contracts offered by the Company contain GMDB provisions. The Company also offers variable annuities with GGU, GMWB and GMAB provisions. The Company previously offered contracts containing GMIB provisions. See Notes 2 and 11 for additional information regarding the Company's variable annuity guarantees.

The GMDB and GGU provisions provide a specified minimum return upon death of the contractholder. The death benefit payable is the greater of (i) the contract value less any purchase payment credits subject to recapture less a pro-rata portion of any rider fees, or (ii) the GMDB provisions specified in the contract. The Company has the following primary GMDB provisions:

- Return of premium — provides purchase payments minus adjusted partial surrenders.
- Reset — provides that the value resets to the account value every sixth contract anniversary minus adjusted partial surrenders. This provision was often provided in combination with the return of premium provision and is no longer offered.
- Ratchet — provides that the value ratchets up to the maximum account value at specified anniversary intervals, plus subsequent purchase payments less adjusted partial surrenders.

The variable annuity contracts with GMWB riders typically have account values that are based on an underlying portfolio of mutual funds, the values of which fluctuate based on fund performance. At issue the guaranteed amount is equal to the amount deposited but the guarantee may be increased annually to the account value (a "step-up") in the case of favorable market performance or by a benefit credit if the contract includes this provision.

The Company has GMWB riders in force, which contain one or more of the following provisions:

- Withdrawals at a specified rate per year until the amount withdrawn is equal to the guaranteed amount.
- Withdrawals at a specified rate per year for the life of the contractholder ("GMWB for life").
- Withdrawals at a specified rate per year for joint contractholders while either is alive.
- Withdrawals based on performance of the contract.
- Withdrawals based on the age withdrawals begin.
- Credits are applied annually for a specified number of years to increase the guaranteed amount as long as withdrawals have not been taken.

Variable annuity contractholders age 79 or younger at contract issue can also obtain a principal-back guarantee by purchasing the optional GMAB rider for an additional charge. The GMAB rider guarantees that, regardless of market performance at the end of the 10-year waiting period, the contract value will be no less than the original investment or a specified percentage of the highest anniversary value, adjusted for withdrawals. If the contract value is less than the guarantee at the end of the 10-year period, a lump sum will be added to the contract value to make the contract value equal to the guarantee value.

Certain UL policies offered by the Company provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

The following table provides information related to variable annuity guarantees for which the Company has established additional liabilities:

Variable Annuity Guarantees by Benefit Type [1]	December 31, 2019				December 31, 2018			
	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk	Weighted Average Attained Age	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk	Weighted Average Attained Age
	(in millions, except age)							
GMDB:								
Return of premium	$ 62,909	$ 60,967	$ 5	67	$ 55,810	$ 53,872	$ 417	67
Five/six-year reset	7,983	5,263	7	67	7,670	4,941	112	67
One-year ratchet	5,935	5,600	7	70	5,560	5,210	417	70
Five-year ratchet	1,396	1,340	—	66	1,307	1,251	23	66
Other	1,192	1,174	65	73	1,033	1,014	148	72
Total — GMDB	$ 79,415	$ 74,344	$ 84	67	$ 71,380	$ 66,288	$ 1,117	67
GGU death benefit	$ 1,115	$ 1,063	$ 133	71	$ 992	$ 940	$ 112	70
GMIB	$ 186	$ 172	$ 6	70	$ 180	$ 164	$ 12	69
GMWB:								
GMWB	$ 1,999	$ 1,993	$ 1	73	$ 1,990	$ 1,984	$ 3	72
GMWB for life	46,799	46,691	272	68	40,966	40,876	742	68
Total — GMWB	$ 48,798	$ 48,684	$ 273	68	$ 42,956	$ 42,860	$ 745	68
GMAB	$ 2,528	$ 2,524	$ —	60	$ 2,456	$ 2,450	$ 24	59

[1] Individual variable annuity contracts may have more than one guarantee and therefore may be included in more than one benefit type. Variable annuity contracts for which the death benefit equals the account value are not shown in this table.

The net amount at risk for GMDB, GGU and GMAB is defined as the current guaranteed benefit amount in excess of the current contract value. The net amount at risk for GMIB is defined as the greater of the present value of the minimum guaranteed annuity payments less the current contract value or zero. The net amount at risk for GMWB is defined as the greater of the present value of the minimum guaranteed withdrawal payments less the current contract value or zero.

The following table provides information related to insurance guarantees for which the Company has established additional liabilities:

	December 31, 2019		December 31, 2018	
	Net Amount at Risk	Weighted Average Attained Age	Net Amount at Risk	Weighted Average Attained Age
	(in millions, except age)			
UL secondary guarantees	$ 6,550	67	$ 6,513	66

The net amount at risk for UL secondary guarantees is defined as the current guaranteed death benefit amount in excess of the current policyholder account balance.

Changes in additional liabilities (contra liabilities) for variable annuity and insurance guarantees were as follows:

	GMDB & GGU	GMIB	GMWB [1]	GMAB [1]	UL
			(in millions)		
Balance at January 1, 2017	$ 16	$ 8	$ 1,017	$ (24)	$ 434
Incurred claims	5	—	(554)	(56)	84
Paid claims	(4)	(2)	—	—	(29)
Balance at December 31, 2017	17	6	463	(80)	489
Incurred claims	8	2	412	61	201
Paid claims	(6)	—	—	—	(31)
Balance at December 31, 2018	19	8	875	(19)	659
Incurred claims	2	(1)	587	(20)	141
Paid claims	(5)	—	—	—	(42)
Balance at December 31, 2019	$ 16	$ 7	$ 1,462	$ (39)	$ 758

[1] The incurred claims for GMWB and GMAB include the change in the fair value of the liabilities (contra liabilities) less paid claims.

The liabilities for guaranteed benefits are supported by general account assets.

The following table summarizes the distribution of separate account balances by asset type for variable annuity contracts providing guaranteed benefits:

	December 31,	
	2019	2018
	(in millions)	
Mutual funds:		
Equity	$ 44,739	$ 39,764
Bond	23,374	21,190
Other	6,471	5,568
Total mutual funds	$ 74,584	$ 66,522

No gains or losses were recognized on assets transferred to separate accounts for the years ended December 31, 2019, 2018 and 2017.

13. Customer Deposits

Customer deposits consisted of the following:

	December 31,	
	2019	2018
	(in millions)	
Fixed rate certificates	$ 7,032	$ 7,377
Stock market certificates	456	476
Stock market embedded derivative	7	6
Other	27	33
Less: accrued interest classified in other liabilities	(21)	(7)
Total investment certificate reserves	7,501	7,885
Banking and brokerage deposits	6,929	3,660
Total	$ 14,430	$ 11,545

Investment Certificates

The Company offers fixed rate investment certificates primarily in amounts ranging from $1,000 to $2 million with interest crediting rate terms ranging from 3 to 48 months. Investment certificates may be purchased either with a lump sum payment or installment payments. Certificate owners are entitled to receive a fixed sum at either maturity or upon demand depending on the type of certificate. Payments from certificate owners are credited to investment certificate reserves, which generally accumulate interest at specified percentage rates. Certain investment certificates allow for a surrender charge on premature surrenders. Reserves for certificates that do not allow for a surrender charge were $2.7 billion as of December 31, 2019. The Company generally invests the proceeds from investment certificates in fixed and variable rate securities.

Certain investment certificate products have returns tied to the performance of equity markets. The Company guarantees the principal for purchasers who hold the certificate for the full term and purchasers may participate in increases in the stock market based on the S&P 500® Index, up to a maximum return. Purchasers can choose 100% participation in the market index up to the cap or 25% participation plus fixed interest with a combined total up to the cap. Current first term certificates have maximum returns of 2.75% to 13.25%, depending on the term length. The equity component of these certificates is considered an embedded derivative and is accounted for separately. See Note 17 for additional information about derivative instruments used to economically hedge the equity price risk related to the Company's stock market certificates.

Banking and Brokerage Deposits

Banking and brokerage deposits are amounts due on demand to customers related to free credit balances, funds deposited by customers and funds accruing to customers as a result of trades or contracts. The Company pays interest on certain customer credit balances and the interest is included in banking and deposit interest expense.

14. Debt

The balances and the stated interest rates of outstanding debt of Ameriprise Financial were as follows:

	Outstanding Balance		Stated Interest Rate	
	December 31,		December 31,	
	2019	2018	2019	2018
	(in millions)			
Long-term debt:				
Senior notes due 2019	$ —	$ 300	—%	7.3%
Senior notes due 2020	750	750	5.3	5.3
Senior notes due 2022	500	—	3.0	—
Senior notes due 2023	750	750	4.0	4.0
Senior notes due 2024	550	550	3.7	3.7
Senior notes due 2026	500	500	2.9	2.9
Finance lease liabilities	57	25	N/A	N/A
Other [1]	(10)	(8)	N/A	N/A
Total long-term debt	3,097	2,867		
Short-term borrowings:				
Federal Home Loan Bank ("FHLB") advances	201	151	1.8	2.6
Repurchase agreements	—	50	—	2.6
Total short-term borrowings	201	201		
Total	$ 3,298	$ 3,068		

N/A Not Applicable.

[1] Amounts include adjustments for fair value hedges on the Company's long-term debt and unamortized discount and debt issuance costs. See Note 17 for information on the Company's fair value hedges.

Long-Term Debt

On March 22, 2019, the Company issued $500 million of unsecured senior notes due March 22, 2022 and incurred debt issuance costs of $3 million. Interest payments are due semi-annually in arrears on March 22 and September 22, commencing on September 22, 2019.

The Company repaid $300 million principal amount of its 7.3% senior notes at maturity on June 28, 2019.

The Company's senior notes due 2020, 2022, 2023, 2024 and 2026 may be redeemed, in whole or in part, at any time prior to maturity at a price equal to the greater of the principal amount and the present value of remaining scheduled payments, discounted to the redemption date, plus accrued interest.

Short-term Borrowings

The Company enters into repurchase agreements in exchange for cash, which it accounts for as secured borrowings and pledges Available-for-Sale securities to collateralize its obligations under the repurchase agreements. As of December 31, 2018 the Company had pledged $52 million of agency residential mortgage backed securities. The remaining maturity of outstanding repurchase agreements was less than three months as of December 31, 2018. The stated interest rate of the repurchase agreements is a weighted average annualized interest rate on repurchase agreements held as of the balance sheet date.

The Company's life insurance and bank subsidiaries are members of the FHLB of Des Moines which provides access to collateralized borrowings. The Company has pledged Available-for-Sale securities consisting of commercial mortgage backed securities and residential mortgage backed securities as collateral to access these borrowings. The fair value of the securities pledged is recorded in investments and was $905 million and $780 million, of commercial mortgage backed securities, and $184 million and nil, of residential mortgage backed securities, as of December 31, 2019 and 2018, respectively. The remaining maturity of outstanding FHLB advances was less than two months as of December 31, 2019 and less than three months as of December 31, 2018. The stated interest rate of the FHLB advances is a weighted average annualized interest rate on the outstanding borrowings as of the balance sheet date.

On October 12, 2017, the Company entered into an amended and restated credit agreement that provides for an unsecured revolving credit facility of up to $750 million that expires in October 2022. Under the terms of the credit agreement for the facility, the Company may increase the amount of this facility up to $1 billion upon satisfaction of certain approval requirements. As of both December 31, 2019 and 2018, the Company had no borrowings outstanding and $1 million of letters of credit issued against these facilities. The Company's credit facility contains various administrative, reporting, legal and financial covenants. The Company was in compliance with all such covenants as of both December 31, 2019 and 2018.

15. Fair Values of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following tables present the balances of assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	December 31, 2019				
	Level 1	Level 2	Level 3	Total	
	(in millions)				
Assets					
Cash equivalents	$ 267	$ 2,924	$ —	$ 3,191	
Available-for-Sale securities:					
Corporate debt securities	—	11,437	750	12,187	
Residential mortgage backed securities	—	10,012	17	10,029	
Commercial mortgage backed securities	—	5,563	—	5,563	
Asset backed securities	—	1,987	19	2,006	
State and municipal obligations	—	1,367	—	1,367	
U.S. government and agency obligations	1,680	—	—	1,680	
Foreign government bonds and obligations	—	271	—	271	
Other securities	—	26	—	26	
Total Available-for-Sale securities	1,680	30,663	786	33,129	
Equity securities	1	—	—	1	
Investments at NAV				6	(1)
Trading and other securities	12	26	—	38	
Separate account assets at NAV				87,488	(1)
Investments and cash equivalents segregated for regulatory purposes	14	—	—	14	
Other assets:					
Interest rate derivative contracts	—	1,455	—	1,455	
Equity derivative contracts	162	2,722	—	2,884	
Credit derivative contracts	—	4	—	4	
Foreign exchange derivative contracts	1	17	—	18	
Total other assets	163	4,198	—	4,361	
Total assets at fair value	$ 2,137	$ 37,811	$ 786	$ 128,228	
Liabilities					
Policyholder account balances, future policy benefits and claims:					
Indexed annuity embedded derivatives	$ —	$ 3	$ 43	$ 46	
IUL embedded derivatives	—	—	881	881	
GMWB and GMAB embedded derivatives	—	—	763	763	(2)
Total policyholder account balances, future policy benefits and claims	—	3	1,687	1,690	(3)
Customer deposits	—	14	—	14	
Other liabilities:					
Interest rate derivative contracts	—	418	—	418	
Equity derivative contracts	36	3,062	—	3,098	
Foreign exchange derivative contracts	1	8	—	9	
Other	6	4	44	54	
Total other liabilities	43	3,492	44	3,579	
Total liabilities at fair value	$ 43	$ 3,509	$ 1,731	$ 5,283	

	December 31, 2018				
	Level 1	Level 2	Level 3	Total	
	(in millions)				
Assets					
Cash equivalents	$ 155	$ 2,350	$ —	$ 2,505	
Available-for-Sale securities:					
Corporate debt securities	—	13,153	913	14,066	
Residential mortgage backed securities	—	6,193	136	6,329	
Commercial mortgage backed securities	—	4,857	20	4,877	
Asset backed securities	—	1,392	6	1,398	
State and municipal obligations	—	2,345	—	2,345	
U.S. government and agency obligations	1,745	—	—	1,745	
Foreign government bonds and obligations	—	298	—	298	
Total Available-for-Sale securities	1,745	28,238	1,075	31,058	
Equity securities	—	1	—	1	
Investments at NAV				6	(1)
Trading and other securities	36	38	—	74	
Separate account assets at NAV				77,925	(1)
Investments and cash equivalents segregated for regulatory purposes	301	—	—	301	
Other assets:					
Interest rate derivative contracts	—	796	—	796	
Equity derivative contracts	191	1,527	—	1,718	
Foreign exchange derivative contracts	5	55	—	60	
Total other assets	196	2,378	—	2,574	
Total assets at fair value	$ 2,433	$ 33,005	$ 1,075	$ 114,444	
Liabilities					
Policyholder account balances, future policy benefits and claims:					
Indexed annuity embedded derivatives	$ —	$ 3	$ 14	$ 17	
IUL embedded derivatives	—	—	628	628	
GMWB and GMAB embedded derivatives	—	—	328	328	(4)
Total policyholder account balances, future policy benefits and claims	—	3	970	973	(5)
Customer deposits	—	6	—	6	
Other liabilities:					
Interest rate derivative contracts	—	424	—	424	
Equity derivative contracts	78	2,076	—	2,154	
Credit derivative contracts	—	18	—	18	
Foreign exchange derivative contracts	4	31	—	35	
Other	13	6	30	49	
Total other liabilities	95	2,555	30	2,680	
Total liabilities at fair value	$ 95	$ 2,564	$ 1,000	$ 3,659	

(1) Amounts are comprised of certain financial instruments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy.
(2) The fair value of the GMWB and GMAB embedded derivatives included $981 million of individual contracts in a liability position and $218 million of individual contracts in an asset position as of December 31, 2019.
(3) The Company's adjustment for nonperformance risk resulted in a $(502) million cumulative increase (decrease) to the embedded derivatives as of December 31, 2019.
(4) The fair value of the GMWB and GMAB embedded derivatives included $646 million of individual contracts in a liability position and $318 million of individual contracts in an asset position as of December 31, 2018.
(5) The Company's adjustment for nonperformance risk resulted in a $(726) million cumulative increase (decrease) to the embedded derivatives as of December 31, 2018.

The following tables provide a summary of changes in Level 3 assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	Available-for-Sale Securities				
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Total
	(in millions)				
Balance, January 1, 2019	$ 913	$ 136	$ 20	$ 6	$ 1,075
Total gains (losses) included in:					
Net income	(1)	—	—	—	(1) [1]
Other comprehensive income (loss)	31	—	—	(1)	30
Purchases	55	477	—	18	550
Settlements	(248)	(12)	—	—	(260)
Transfers into Level 3	—	—	—	14	14
Transfers out of Level 3	—	(584)	(20)	(18)	(622)
Balance, December 31, 2019	$ 750	$ 17	$ —	$ 19	$ 786
Changes in unrealized gains (losses) relating to assets held at December 31, 2019	$ (1)	$ —	$ —	$ —	$ (1) [1]

	Policyholder Account Balances, Future Policy Benefits and Claims				
	Indexed Annuity Embedded Derivatives	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total	Other Liabilities
	(in millions)				
Balance, January 1, 2019	$ 14	$ 628	$ 328	$ 970	$ 30
Total (gains) losses included in:					
Net income	8 [2]	209 [2]	80 [3]	297	(3) [4]
Issues	21	113	361	495	18
Settlements	—	(69)	(6)	(75)	(1)
Balance, December 31, 2019	$ 43	$ 881	$ 763	$ 1,687	$ 44
Changes in unrealized (gains) losses relating to liabilities held at December 31, 2019	$ —	$ 209 [2]	$ 82 [3]	$ 291	$ —

	Available-for-Sale Securities					
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Total	Other Derivatives Contracts
	(in millions)					
Balance, January 1, 2018	$ 1,139	$ 155	$ —	$ 7	$ 1,301	$ —
Total gains (losses) included in:						
Net income	(1)	—	—	—	(1) [1]	(3) [3]
Other comprehensive income (loss)	(26)	1	—	1	(24)	—
Purchases	15	70	72	32	189	3
Settlements	(214)	(29)	—	(1)	(244)	—
Transfers into Level 3	—	—	—	2	2	—
Transfers out of Level 3	—	(61)	(52)	(35)	(148)	—
Balance, December 31, 2018	$ 913	$ 136	$ 20	$ 6	$ 1,075	$ —
Changes in unrealized gains (losses) relating to assets held at December 31, 2018	$ (1)	$ —	$ —	$ —	$ (1) [1]	$ —

	Policyholder Account Balances, Future Policy Benefits and Claims				
	Indexed Annuity Embedded Derivatives	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total	Other Liabilities
	(in millions)				
Balance, January 1, 2018	$ —	$ 601	$ (49)	$ 552	$ 28
Total (gains) losses included in:					
Net income	(3) [2]	(9) [2]	49 [3]	37	2 [4]
Issues	17	90	350	457	—
Settlements	—	(54)	(22)	(76)	—
Balance, December 31, 2018	$ 14	$ 628	$ 328	$ 970	$ 30
Changes in unrealized (gains) losses relating to liabilities held at December 31, 2018	$ —	$ (9) [2]	$ 47 [3]	$ 38	$ —

	Available-for-Sale Securities					
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total
	(in millions)					
Balance, January 1, 2017	$ 1,311	$ 268	$ —	$ 68	$ 1	$ 1,648
Total gains (losses) included in:						
Net income	—	—	—	—	1	1 [1]
Other comprehensive income (loss)	(8)	1	—	(4)	—	(11)
Purchases	138	132	65	64	—	399
Sales	—	—	—	—	(1)	(1)
Settlements	(302)	(43)	—	(29)	—	(374)
Transfers into Level 3	—	20	—	27	8	55
Transfers out of Level 3	—	(223)	(65)	(119)	(9)	(416)
Balance, December 31, 2017	$ 1,139	$ 155	$ —	$ 7	$ —	$ 1,301
Changes in unrealized gains (losses) relating to assets held at December 31, 2017	$ —	$ —	$ —	$ (1)	$ —	$ (1) [1]

	Policyholder Account Balances, Future Policy Benefits and Claims			
	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total	Other Liabilities
	(in millions)			
Balance, January 1, 2017	$ 464	$ 614	$ 1,078	$ 13
Total (gains) losses included in:				
Net income	87 [2]	(977) [3]	(890)	2 [4]
Issues	92	326	418	13
Settlements	(42)	(12)	(54)	—
Balance, December 31, 2017	$ 601	$ (49)	$ 552	$ 28
Changes in unrealized (gains) losses relating to liabilities held at December 31, 2017	$ 87 [2]	$ (946) [3]	$ (859)	$ —

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in interest credited to fixed accounts in the Consolidated Statements of Operations.
[3] Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.
[4] Included in general and administrative expense in the Consolidated Statements of Operations.

The increase (decrease) to pretax income of the Company's adjustment for nonperformance risk on the fair value of its embedded derivatives was $(190) million, $281 million and $(71) million, net of DAC, DSIC, unearned revenue amortization and the reinsurance accrual, for the years ended December 31, 2019, 2018 and 2017, respectively.

Securities transferred from Level 3 primarily represent securities with fair values that are now obtained from a third-party pricing service with observable inputs. Securities transferred to Level 3 represent securities with fair values that are now based on a single non-binding broker quote.

The following tables provide a summary of the significant unobservable inputs used in the fair value measurements developed by the Company or reasonably available to the Company of Level 3 assets and liabilities:

	December 31, 2019				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	(in millions)				
Corporate debt securities (private placements)	$ 749	Discounted cash flow	Yield/spread to U.S. Treasuries	0.8% – 2.8%	1.2%
Asset backed securities	$ 5	Discounted cash flow	Annual short-term default rate	3.3%	
			Annual long-term default rate	3.0%	
			Discount rate	12.0%	
			Constant prepayment rate	5.0% – 10.0%	10.0%
			Loss recovery	36.4% – 63.6%	63.6%
IUL embedded derivatives	$ 881	Discounted cash flow	Nonperformance risk (1)	65 bps	
Indexed annuity embedded derivatives	$ 43	Discounted cash flow	Surrender rate	0.0% – 50.0%	
			Nonperformance risk (1)	65 bps	
GMWB and GMAB embedded derivatives	$ 763	Discounted cash flow	Utilization of guaranteed withdrawals (2)	0.0% – 36.0%	
			Surrender rate	0.1% – 73.5%	
			Market volatility (3)	3.7% – 15.9%	
			Nonperformance risk (1)	65 bps	
Contingent consideration liabilities	$ 44	Discounted cash flow	Discount rate	9.0%	

	December 31, 2018				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	(in millions)				
Corporate debt securities (private placements)	$ 912	Discounted cash flow	Yield/spread to U.S. Treasuries	1.0% – 3.6%	1.5%
Asset backed securities	$ 6	Discounted cash flow	Annual short-term default rate	2.3%	
			Annual long-term default rate	2.5% – 3.0%	2.9%
			Discount rate	11.5%	
			Constant prepayment rate	5.0% – 10.0%	10.0%
			Loss recovery	36.4% – 63.6%	63.6%
IUL embedded derivatives	$ 628	Discounted cash flow	Nonperformance risk (1)	119 bps	
Indexed annuity embedded derivatives	$ 14	Discounted cash flow	Surrender rate	0.0% – 50.0%	
			Nonperformance risk (1)	119 bps	
GMWB and GMAB embedded derivatives	$ 328	Discounted cash flow	Utilization of guaranteed withdrawals (2)	0.0% – 36.0%	
			Surrender rate	0.1% – 73.4%	
			Market volatility (3)	4.0% – 16.1%	
			Nonperformance risk (1)	119 bps	
Contingent consideration liabilities	$ 30	Discounted cash flow	Discount rate	9.0%	

(1) The nonperformance risk is the spread added to the observable interest rates used in the valuation of the embedded derivatives.
(2) The utilization of guaranteed withdrawals represents the percentage of contractholders that will begin withdrawing in any given year.
(3) Market volatility is implied volatility of fund of funds and managed volatility funds.

Level 3 measurements not included in the table above are obtained from non-binding broker quotes where unobservable inputs utilized in the fair value calculation are not reasonably available to the Company.

Uncertainty of Fair Value Measurements

Significant increases (decreases) in the yield/spread to U.S. Treasuries used in the fair value measurement of Level 3 corporate debt securities in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in the annual default rate and discount rate used in the fair value measurement of Level 3 asset backed securities in isolation, generally, would have resulted in a significantly lower (higher) fair value measurement and significant increases (decreases) in loss recovery in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in the constant prepayment rate in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk used in the fair value measurement of the IUL embedded derivatives in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk and surrender rate used in the fair value measurement of the indexed annuity embedded derivatives in isolation would have resulted in a significantly lower (higher) liability value.

Significant increases (decreases) in utilization and volatility used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would have resulted in a significantly higher (lower) liability value.

Significant increases (decreases) in nonperformance risk and surrender rate used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would have resulted in a significantly lower (higher) liability value. Utilization of guaranteed withdrawals and surrender rates vary with the type of rider, the duration of the policy, the age of the contractholder, the distribution channel and whether the value of the guaranteed benefit exceeds the contract accumulation value.

Significant increases (decreases) in the discount rate used in the fair value measurement of the contingent consideration liability in isolation would have resulted in a significantly lower (higher) fair value measurement.

Determination of Fair Value

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company's income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Assets

Cash Equivalents

Cash equivalents include time deposits and other highly liquid investments with original or remaining maturities at the time of purchase of 90 days or less. Actively traded money market funds are measured at their NAV and classified as Level 1. The Company's remaining cash equivalents are classified as Level 2 and measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments (Available-for-Sale Securities, Equity Securities and Trading Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from third-party pricing services, non-binding broker quotes, or other model-based valuation techniques.

Level 1 securities primarily include U.S. Treasuries.

Level 2 securities primarily include corporate bonds, residential mortgage backed securities, commercial mortgage backed securities, asset backed securities, state and municipal obligations and foreign government securities. The fair value of these Level 2 securities is based on a market approach with prices obtained from third-party pricing services. Observable inputs used to value these securities can include, but are not limited to, reported trades, benchmark yields, issuer spreads and non-binding broker quotes.

Level 3 securities primarily include certain corporate bonds, non-agency residential mortgage backed securities, commercial mortgage backed securities and asset backed securities. The fair value of corporate bonds, non-agency residential mortgage backed securities, commercial mortgage backed securities and certain asset backed securities classified as Level 3 is typically based on a single non-binding broker quote. The underlying inputs used for some of the non-binding broker quotes are not readily available to the Company. The Company's privately placed corporate bonds are typically based on a single non-binding broker quote. The fair value of certain asset backed securities is determined using a discounted cash flow model. Inputs used to determine the expected cash flows include assumptions about discount rates and default, prepayment and recovery rates of the underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the fair value of the investment in certain asset backed securities is classified as Level 3.

In consideration of the above, management is responsible for the fair values recorded on the financial statements. Prices received from third-party pricing services are subjected to exception reporting that identifies investments with significant daily price movements as well as no movements. The Company reviews the exception reporting and resolves the exceptions through reaffirmation of the price or recording an appropriate fair value estimate. The Company also performs subsequent transaction testing. The Company performs annual due diligence of third-party pricing services. The Company's due diligence procedures include assessing the vendor's valuation qualifications, control environment, analysis of asset-class specific valuation methodologies, and understanding of sources of market

observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. The Company also considers the results of its exception reporting controls and any resulting price challenges that arise.

Separate Account Assets

The fair value of assets held by separate accounts is determined by the NAV of the funds in which those separate accounts are invested. The NAV is used as a practical expedient for fair value and represents the exit price for the separate account. Separate account assets are excluded from classification in the fair value hierarchy.

Investments and Cash Equivalents Segregated for Regulatory Purposes

Investments and cash equivalents segregated for regulatory purposes includes U.S. Treasuries that are classified as Level 1.

Other Assets

Derivatives that are measured using quoted prices in active markets, such as derivatives that are exchange-traded are classified as Level 1 measurements. The variation margin on futures contracts is also classified as Level 1. The fair value of derivatives that are traded in less active over-the-counter ("OTC") markets is generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps, foreign currency forwards and the majority of options. The counterparties' nonperformance risk associated with uncollateralized derivative assets was immaterial as of December 31, 2019 and 2018. See Note 16 and Note 17 for further information on the credit risk of derivative instruments and related collateral.

Liabilities

Policyholder Account Balances, Future Policy Benefits and Claims

There is no active market for the transfer of the Company's embedded derivatives attributable to the provisions of certain variable annuity riders, index annuity and IUL products.

The Company values the embedded derivatives attributable to the provisions of certain variable annuity riders using internal valuation models. These models calculate fair value as the present value of future expected benefit payments less the present value of future expected rider fees attributable to the embedded derivative feature. The projected cash flows used by these models include observable capital market assumptions and incorporate significant unobservable inputs related to implied volatility as well as contractholder behavior assumptions that include margins for risk, all of which the Company believes an exit market participant would expect. The fair value also reflects a current estimate of the Company's nonperformance risk specific to these embedded derivatives. Given the significant unobservable inputs to this valuation, these measurements are classified as Level 3. The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivatives associated with the provisions of its fixed index annuity and IUL products. The Company uses a discounted cash flow model to determine the fair value of the embedded derivatives associated with the provisions of its equity index annuity product. The projected cash flows generated by this model are based on significant observable inputs related to interest rates, volatilities and equity index levels and, therefore, are classified as Level 2. The fair value of fixed index annuity and IUL embedded derivatives includes significant observable interest rates, volatilities and equity index levels and the significant unobservable estimate of the Company's nonperformance risk. Given the significance of the nonperformance risk assumption to the fair value, the fixed index annuity and IUL embedded derivatives are classified as Level 3. The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

Customer Deposits

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates ("SMC"). The inputs to these calculations are primarily market observable and include interest rates, volatilities and equity index levels. As a result, these measurements are classified as Level 2.

Other Liabilities

Derivatives that are measured using quoted prices in active markets, such as derivatives that are exchange-traded are classified as Level 1 measurements. The variation margin on futures contracts is also classified as Level 1. The fair value of derivatives that are traded in less active OTC markets is generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps, foreign currency forwards and the majority of options. The Company's nonperformance risk associated with uncollateralized derivative liabilities was immaterial as of December 31, 2019 and 2018. See Note 16 and Note 17 for further information on the credit risk of derivative instruments and related collateral.

Securities sold but not yet purchased represent obligations of the Company to deliver specified securities that it does not yet own, creating a liability to purchase the security in the market at prevailing prices. When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from nationally-recognized pricing services, or other model-based valuation techniques such as the present value of cash flows. Level 1 securities sold but not yet purchased primarily include U.S Treasuries traded in active markets. Level 2 securities sold but not yet purchased primarily include corporate bonds.

Contingent consideration liabilities consist of earn-outs and/or deferred payments related to the Company's acquisitions. Contingent consideration liabilities are recorded at fair value using a discounted cash flow model under multiple scenarios and an unobservable input (discount rate). Given the use of a significant unobservable input, the fair value of contingent consideration liabilities is classified as Level 3 within the fair value hierarchy.

Fair Value on a Nonrecurring Basis

The Company assesses its investment in affordable housing partnerships for other-than-temporary impairment. The investments that are determined to be other-than-temporarily impaired are written down to their fair value. The Company uses a discounted cash flow model to measure the fair value of these investments. Inputs to the discounted cash flow model are estimates of future net operating losses and tax credits available to the Company and discount rates based on market condition and the financial strength of the syndicator (general partner). The balance of affordable housing partnerships measured at fair value on a nonrecurring basis was $158 million and $112 million as of December 31, 2019 and 2018, respectively, and is classified as Level 3 in the fair value hierarchy.

Asset and Liabilities Not Reported at Fair Value

The following tables provide the carrying value and the estimated fair value of financial instruments that are not reported at fair value:

	December 31, 2019				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(in millions)				
Financial Assets					
Mortgage loans, net	$ 2,778	$ —	$ —	$ 2,833	$ 2,833
Policy loans	868	—	—	810	810
Receivables	3,168	102	934	2,229	3,265
Restricted and segregated cash	2,372	2,372	—	—	2,372
Other investments and assets	671	—	626	46	672
Financial Liabilities					
Policyholder account balances, future policy benefits and claims	$ 9,110	$ —	$ —	$ 10,061	$ 10,061
Investment certificate reserves	7,508	—	—	7,497	7,497
Banking and brokerage deposits	6,929	6,929	—	—	6,929
Separate account liabilities — investment contracts	5,403	—	5,403	—	5,403
Debt and other liabilities	3,374	104	3,372	21	3,497

	December 31, 2018				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(in millions)				
Financial Assets					
Mortgage loans, net	$ 2,696	$ —	$ —	$ 2,661	$ 2,661
Policy loans	861	—	—	810	810
Receivables	1,677	179	965	489	1,633
Restricted and segregated cash	2,609	2,609	—	—	2,609
Other investments and assets	572	—	491	60	551
Financial Liabilities					
Policyholder account balances, future policy benefits and claims	$ 9,609	$ —	$ —	$ 9,672	$ 9,672
Investment certificate reserves	7,886	—	—	7,845	7,845
Brokerage deposits	3,660	3,660	—	—	3,660
Separate account liabilities — investment contracts	4,843	—	4,843	—	4,843 [1]
Debt and other liabilities	3,296	188	3,059	57	3,304

[1] The fair value of separate account liabilities - investment contracts as of December 31, 2018 was previously incorrectly omitted from the fair value hierarchy based on use of NAV per share as a practical expedient.

Receivables include the deposit receivable, brokerage margin loans, securities borrowed and loans to financial advisors. Restricted and segregated cash includes cash segregated under federal and other regulations held in special reserve bank accounts for the exclusive benefit of the Company's brokerage customers. Other investments and assets primarily include syndicated loans, credit card

receivables, certificate of deposits with original or remaining maturities at the time of purchase of more than 90 days, the Company's membership in the FHLB and investments related to the Community Reinvestment Act. See Note 7 for additional information on mortgage loans, policy loans, syndicated loans, credit card receivables and the deposit receivable.

Policyholder account balances, future policy benefit and claims include fixed annuities in deferral status, non-life contingent fixed annuities in payout status, indexed annuity host contracts and the fixed portion of a small number of variable annuity contracts classified as investment contracts. See Note 11 for additional information on these liabilities. Investment certificate reserves represent customer deposits for fixed rate certificates and stock market certificates. Banking and brokerage deposits are amounts payable to customers related to free credit balances, funds deposited by customers and funds accruing to customers as a result of trades or contracts. Separate account liabilities are primarily investment contracts in pooled pension funds offered by Threadneedle. Debt and other liabilities include the Company's long-term debt, short-term borrowings, securities loaned and future funding commitments to affordable housing partnerships and other real estate partnerships. See Note 14 for further information on the Company's long-term debt and short-term borrowings.

16. Offsetting Assets and Liabilities

Certain financial instruments and derivative instruments are eligible for offset in the Consolidated Balance Sheets. The Company's derivative instruments, repurchase agreements and securities borrowing and lending agreements are subject to master netting and collateral arrangements and qualify for offset. A master netting arrangement with a counterparty creates a right of offset for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. Securities borrowed and loaned result from transactions between the Company's broker dealer subsidiary and other financial institutions and are recorded at the amount of cash collateral advanced or received. Securities borrowed and securities loaned are primarily equity securities. The Company's securities borrowed and securities loaned transactions generally do not have a fixed maturity date and may be terminated by either party under customary terms.

The Company's policy is to recognize amounts subject to master netting arrangements on a gross basis in the Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's assets subject to master netting arrangements:

	December 31, 2019						
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount
				Financial Instruments [1]	Cash Collateral	Securities Collateral	
	(in millions)						
Derivatives:							
OTC	$ 4,258	$ —	$ 4,258	$ (2,933)	$ (1,244)	$ (73)	$ 8
OTC cleared	21	—	21	(21)	—	—	—
Exchange-traded	82	—	82	(5)	—	—	77
Total derivatives	4,361	—	4,361	(2,959)	(1,244)	(73)	85
Securities borrowed	102	—	102	(14)	—	(85)	3
Total	$ 4,463	$ —	$ 4,463	$ (2,973)	$ (1,244)	$ (158)	$ 88

	December 31, 2018						
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount
				Financial Instruments [1]	Cash Collateral	Securities Collateral	
	(in millions)						
Derivatives:							
OTC	$ 2,525	$ —	$ 2,525	$ (2,075)	$ (403)	$ (26)	$ 21
OTC cleared	34	—	34	(23)	—	—	11
Exchange-traded	15	—	15	(1)	—	—	14
Total derivatives	2,574	—	2,574	(2,099)	(403)	(26)	46
Securities borrowed	179	—	179	(37)	—	(139)	3
Total	$ 2,753	$ —	$ 2,753	$ (2,136)	$ (403)	$ (165)	$ 49

[1] Represents the amount of assets that could be offset by liabilities with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's liabilities subject to master netting arrangements:

	December 31, 2019						
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount
				Financial Instruments [1]	Cash Collateral	Securities Collateral	
	(in millions)						
Derivatives:							
OTC	$ 3,473	$ —	$ 3,473	$ (2,933)	$ —	$ (540)	$ —
OTC cleared	41	—	41	(21)	—	—	20
Exchange-traded	11	—	11	(5)	—	—	6
Total derivatives	3,525	—	3,525	(2,959)	—	(540)	26
Securities loaned	104	—	104	(14)	—	(87)	3
Total	$ 3,629	$ —	$ 3,629	$ (2,973)	$ —	$ (627)	$ 29

	December 31, 2018						
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount
				Financial Instruments [1]	Cash Collateral	Securities Collateral	
	(in millions)						
Derivatives:							
OTC	$ 2,597	$ —	$ 2,597	$ (2,075)	$ (89)	$ (430)	$ 3
OTC cleared	24	—	24	(23)	—	—	1
Exchange-traded	10	—	10	(1)	—	—	9
Total derivatives	2,631	—	2,631	(2,099)	(89)	(430)	13
Securities loaned	188	—	188	(37)	—	(146)	5
Repurchase agreements	50	—	50	—	—	(50)	—
Total	$ 2,869	$ —	$ 2,869	$ (2,136)	$ (89)	$ (626)	$ 18

[1] Represents the amount of liabilities that could be offset by assets with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

In the tables above, the amount of assets or liabilities presented are offset first by financial instruments that have the right of offset under master netting or similar arrangements, then any remaining amount is reduced by the amount of cash and securities collateral. The actual collateral may be greater than amounts presented in the tables.

When the fair value of collateral accepted by the Company is less than the amount due to the Company, there is a risk of loss if the counterparty fails to perform or provide additional collateral. To mitigate this risk, the Company monitors collateral values regularly and requires additional collateral when necessary. When the value of collateral pledged by the Company declines, it may be required to post additional collateral.

Freestanding derivative instruments are reflected in other assets and other liabilities. Cash collateral pledged by the Company is reflected in other assets and cash collateral accepted by the Company is reflected in other liabilities. Repurchase agreements are reflected in short-term borrowings. Securities borrowing and lending agreements are reflected in receivables and other liabilities, respectively. See Note 17 for additional disclosures related to the Company's derivative instruments, Note 14 for additional disclosures related to the Company's repurchase agreements and Note 5 for information related to derivatives held by consolidated investment entities.

17. Derivatives and Hedging Activities

Derivative instruments enable the Company to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity, foreign exchange and interest rate indices or prices. The Company primarily enters into derivative agreements for risk management purposes related to the Company's products and operations.

Certain of the Company's freestanding derivative instruments are subject to master netting arrangements. The Company's policy on the recognition of derivatives on the Consolidated Balance Sheets is to not offset fair value amounts recognized for derivatives and collateral arrangements executed with the same counterparty under the same master netting arrangement. See Note 16 for additional information regarding the estimated fair value of the Company's freestanding derivatives after considering the effect of master netting arrangements and collateral.

The Company uses derivatives as economic hedges and accounting hedges. The following table presents the notional value and gross fair value of derivative instruments, including embedded derivatives:

	December 31, 2019			December 31, 2018		
		Gross Fair Value			Gross Fair Value	
	Notional	Assets [1]	Liabilities [2][3]	Notional	Assets [1]	Liabilities [2][3]
	(in millions)					
Derivatives designated as hedging instruments						
Interest rate contracts - fair value hedges	$ 375	$ 3	$ —	$ 675	$ 7	$ —
Foreign exchange contracts - net investment hedges	93	—	3	103	1	—
Total qualifying hedges	468	3	3	778	8	—
Derivatives not designated as hedging instruments						
Interest rate contracts	57,979	1,452	418	58,244	789	424
Equity contracts	61,921	2,884	3,098	54,079	1,718	2,154
Credit contracts	1,419	4	—	1,209	—	18
Foreign exchange contracts	3,412	18	6	4,908	59	35
Other contracts	1	—	—	2	—	—
Total non-designated hedges	124,732	4,358	3,522	118,442	2,566	2,631
Embedded derivatives						
GMWB and GMAB [4]	N/A	—	763	N/A	—	328
IUL	N/A	—	881	N/A	—	628
Indexed annuities	N/A	—	46	N/A	—	17
SMC	N/A	—	14	N/A	—	6
Total embedded derivatives	N/A	—	1,704	N/A	—	979
Total derivatives	$ 125,200	$ 4,361	$ 5,229	$ 119,220	$ 2,574	$ 3,610

N/A Not applicable.

[1] The fair value of freestanding derivative assets is included in Other assets on the Consolidated Balance Sheets.

[2] The fair value of freestanding derivative liabilities is included in Other liabilities on the Consolidated Balance Sheets. The fair value of GMWB and GMAB, IUL, and indexed annuity embedded derivatives is included in Policyholder account balances, future policy benefits and claims on the Consolidated Balance Sheets. The fair value of the SMC embedded derivative liability is included in Customer deposits on the Consolidated Balance Sheets.

[3] The fair value of the Company's derivative liabilities after considering the effects of master netting arrangements, cash collateral held by the same counterparty and the fair value of net embedded derivatives was $2.3 billion and $1.4 billion as of December 31, 2019 and 2018, respectively. See Note 16 for additional information related to master netting arrangements and cash collateral. See Note 5 for information about derivatives held by consolidated VIEs.

[4] The fair value of the GMWB and GMAB embedded derivatives as of December 31, 2019 included $981 million of individual contracts in a liability position and $218 million of individual contracts in an asset position. The fair value of the GMWB and GMAB embedded derivatives as of December 31, 2018 included $646 million of individual contracts in a liability position and $318 million of individual contracts in an asset position.

See Note 15 for additional information regarding the Company's fair value measurement of derivative instruments.

As of December 31, 2019 and 2018, investment securities with a fair value of $84 million and $28 million, respectively, were received as collateral to meet contractual obligations under derivative contracts, of which $84 million and $28 million, respectively, may be sold, pledged or rehypothecated by the Company. As of both December 31, 2019 and 2018, the Company had sold, pledged or rehypothecated none of these securities. In addition, as of both December 31, 2019 and 2018, non-cash collateral accepted was held in separate custodial accounts and was not included in the Company's Consolidated Balance Sheets.

Derivatives Not Designated as Hedges

The following table presents a summary of the impact of derivatives not designated as hedging instruments, including embedded derivatives, on the Consolidated Statements of Operations:

	Net Investment Income	Banking and Deposit Interest Expense	Distribution Expenses	Interest Credited to Fixed Accounts	Benefits, Claims, Losses and Settlement Expenses	General and Administrative Expense
	(in millions)					
Year Ended December 31, 2019						
Interest rate contracts	$ (34)	$ —	$ —	$ —	$ 1,097	$ —
Equity contracts	—	11	99	117	(1,547)	16
Credit contracts	—	—	—	—	(73)	—
Foreign exchange contracts	—	—	—	—	(30)	(1)
Other contracts	—	—	—	—	—	—
GMWB and GMAB embedded derivatives	—	—	—	—	(435)	—
IUL embedded derivatives	—	—	—	(140)	—	—
Indexed annuity embedded derivatives	—	—	—	(8)	—	—
SMC embedded derivatives	—	(9)	—	—	—	—
Total gain (loss)	$ (34)	$ 2	$ 99	$ (31)	$ (988)	$ 15
Year Ended December 31, 2018						
Interest rate contracts	$ 12	$ —	$ —	$ —	$ (312)	$ —
Equity contracts	—	(4)	(42)	(49)	302	(7)
Credit contracts	—	—	—	—	7	—
Foreign exchange contracts	(2)	—	—	—	1	(9)
Other contracts	—	—	—	—	(3)	—
GMWB and GMAB embedded derivatives	—	—	—	—	(377)	—
IUL embedded derivatives	—	—	—	63	—	—
Indexed annuity embedded derivatives	—	—	—	3	—	—
SMC embedded derivatives	—	4	—	—	—	—
Total gain (loss)	$ 10	$ —	$ (42)	$ 17	$ (382)	$ (16)
Year Ended December 31, 2017						
Interest rate contracts	$ (3)	$ —	$ —	$ —	$ 1	$ —
Equity contracts	(10)	4	54	75	(1,081)	11
Credit contracts	—	—	—	—	(22)	—
Foreign exchange contracts	—	—	3	—	(23)	6
Other contracts	—	—	—	—	(2)	—
GMWB and GMAB embedded derivatives	—	—	—	—	663	—
IUL embedded derivatives	—	—	—	(45)	—	—
SMC embedded derivatives	—	(4)	—	—	—	—
Total gain (loss)	$ (13)	$ —	$ 57	$ 30	$ (464)	$ 17

The Company holds derivative instruments that either do not qualify or are not designated for hedge accounting treatment. These derivative instruments are used as economic hedges of equity, interest rate, credit and foreign currency exchange rate risk related to various products and transactions of the Company.

Certain annuity contracts contain GMWB or GMAB provisions, which guarantee the right to make limited partial withdrawals each contract year regardless of the volatility inherent in the underlying investments or guarantee a minimum accumulation value of consideration received at the beginning of the contract period, after a specified holding period, respectively. The GMAB and non-life contingent GMWB provisions are considered embedded derivatives, which are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. The Company economically hedges the exposure related to GMAB and non-life contingent GMWB provisions using options (equity index, interest rate swaptions, etc.), swaps (interest rate, total return, etc.) and futures.

The deferred premium associated with certain of the above options and swaptions is paid or received semi-annually over the life of the contract or at maturity. The following is a summary of the payments the Company is scheduled to make and receive for these options and swaptions as of December 31, 2019:

	Premiums Payable	Premiums Receivable
	(in millions)	
2020	$ 214	$ 133
2021	152	112
2022	204	198
2023	126	58
2024	70	10
2025-2029	351	7
Total	$ 1,117	$ 518

Actual timing and payment amounts may differ due to future settlements, modifications or exercises of the contracts prior to the full premium being paid or received.

The Company has a macro hedge program to provide protection against the statutory tail scenario risk arising from variable annuity reserves on its statutory surplus and to cover some of the residual risks not covered by other hedging activities. As a means of economically hedging these risks, the Company may use a combination of futures, options, swaps and swaptions. Certain of the macro hedge derivatives may contain settlement provisions linked to both equity returns and interest rates. The Company's macro hedge derivatives that contain settlement provisions linked to both equity returns and interest rates, if any, are shown in other contracts in the tables above.

Indexed annuity, IUL and stock market certificate products have returns tied to the performance of equity markets. As a result of fluctuations in equity markets, the obligation incurred by the Company related to indexed annuity, IUL and stock market certificate products will positively or negatively impact earnings over the life of these products. The equity component of indexed annuity, IUL and stock market certificate product obligations are considered embedded derivatives, which are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. As a means of economically hedging its obligations under the provisions of these products, the Company enters into index options and futures contracts.

The Company enters into futures, credit default swaps and commodity swaps to manage its exposure to price risk arising from seed money investments in proprietary investment products. The Company enters into foreign currency forward contracts to economically hedge its exposure to certain foreign transactions. The Company enters into futures and total return swaps to economically hedge its exposure related to compensation plans. The Company enters into interest rate swaps to offset interest rate changes on unrealized gains or losses for certain investments.

Cash Flow Hedges

The Company has designated derivative instruments as a cash flow hedge of interest rate exposure on forecasted debt interest payments. For derivative instruments that qualify as cash flow hedges, the gain or loss on the derivative instruments is reported in AOCI and reclassified into earnings when the hedged item or transaction impacts earnings. The amount that is reclassified into earnings is presented within the same line item as the earnings impact of the hedged item in interest and debt expense.

Prior to the adoption of the new accounting standard *Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities* on January 1, 2019, the Company recorded the effective portion of the gain or loss on the derivative instruments in AOCI and any ineffective portion in current period earnings. See Note 3 for additional information on the adoption of the new accounting standard.

For the years ended December 31, 2019, 2018 and 2017, the amounts reclassified from AOCI to earnings related to cash flow hedges were immaterial. The estimated net amount recorded in AOCI as of December 31, 2019 that the Company expects to reclassify to earnings as a reduction to interest and debt expense within the next twelve months is $1 million. Currently, the longest period of time over which the Company is hedging exposure to the variability in future cash flows is 16 years and relates to forecasted debt interest payments. See Note 21 for a rollforward of net unrealized derivative gains (losses) included in AOCI related to cash flow hedges.

Fair Value Hedges

The Company entered into and designated as fair value hedges two interest rate swaps to convert senior notes due 2019 and 2020 from fixed rate debt to floating rate debt. The interest rate swap related to the senior notes due June 2019 was settled during the second quarter when the debt was repaid. The swaps have identical terms as the underlying debt being hedged. The Company recognizes gains and losses on the derivatives and the related hedged items within interest and debt expense. See Note 14 for the cumulative basis adjustments for fair value hedges.

The following table is a summary of the impact of derivatives designated as hedges on the Consolidated Statements of Operations:

	Years Ended December 31,	
	2019	2018
Total interest and debt expense per Consolidated Statements of Operations	$ 214	$ 245
Gain (loss) on interest rate contracts designated as fair value hedges:		
Hedged items	$ 5	$ 15
Derivatives designated as fair value hedges	(5)	(15)
Gain (loss) on interest rate contracts designated as cash flow hedges:		
Amount of gain (loss) reclassified from AOCI into income	$ 2	$ —

Net Investment Hedges

The Company entered into, and designated as net investment hedges in foreign operations, forward contracts to hedge a portion of the Company's foreign currency exchange rate risk associated with its investment in Threadneedle. As the Company determined that the forward contracts are effective, the change in fair value of the derivatives is recognized in AOCI as part of the foreign currency translation adjustment. For the years ended December 31, 2019 and 2018, the Company recognized a loss of $2 million and a gain of $14 million, respectively, in OCI.

Credit Risk

Credit risk associated with the Company's derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, the Company has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting and collateral arrangements whenever practical. See Note 16 for additional information on the Company's credit exposure related to derivative assets.

Certain of the Company's derivative contracts contain provisions that adjust the level of collateral the Company is required to post based on the Company's debt rating (or based on the financial strength of the Company's life insurance subsidiaries for contracts in which those subsidiaries are the counterparty). Additionally, certain of the Company's derivative contracts contain provisions that allow the counterparty to terminate the contract if the Company's debt does not maintain a specific credit rating (generally an investment grade rating) or the Company's life insurance subsidiary does not maintain a specific financial strength rating. If these termination provisions were to be triggered, the Company's counterparty could require immediate settlement of any net liability position. As of December 31, 2019 and 2018, the aggregate fair value of derivative contracts in a net liability position containing such credit contingent provisions was $189 million and $171 million, respectively. The aggregate fair value of assets posted as collateral for such instruments as of December 31, 2019 and 2018 was $189 million and $170 million, respectively. If the credit contingent provisions of derivative contracts in a net liability position as of December 31, 2019 and 2018 were triggered, the aggregate fair value of additional assets that would be required to be posted as collateral or needed to settle the instruments immediately would have been nil and $1 million, respectively.

18. Leases

The following table presents the balances for operating and finance ROU assets and lease liabilities:

Leases	Balance Sheet Classification	December 31, 2019
Assets		
Operating lease assets	Other assets	$ 215
Finance lease assets	Other assets	52
Total lease assets		$ 267
Liabilities		
Operating lease liabilities	Other liabilities	$ 243
Finance lease liabilities	Long-term debt	57
Total lease liabilities		$ 300

The components of lease expense include operating and finance lease costs. For the year ended December 31, 2019, operating lease costs were $58 million. For the year ended December 31, 2019, finance lease costs consisted of $8 million in amortization and $2 million of interest expense. Amortization is recorded in general and administrative expenses and interest expense is recorded in interest and debt expense in the Consolidated Statements of Operations.

Maturities of lease liabilities, weighted-average remaining term and weighted-average discount rate are as follows:

Maturity of Lease Liabilities	December 31, 2019	
	Finance Leases	Operating Leases
	(in millions)	
2020	$ 14	$ 55
2021	10	50
2022	10	42
2023	10	35
2024	10	24
Thereafter	9	63
Total lease payments	63	269
Less: Interest	(6)	(26)
Present value of lease liabilities	$ 57	$ 243
Weighted-average remaining lease term (years)	5.8	6.1
Weighted-average discount rate	3.4%	3.0%

Maturities of lease liabilities prior to the adoption of new lease guidance were as follows:

Maturity of Lease Liabilities	December 31, 2018
	Operating Leases
	(in millions)
2019	$ 61
2020	53
2021	40
2022	33
2023	26
Thereafter	65
Total lease payments	$ 278

For the year ended December 31, 2019, operating cash flows included $62 million of cash paid for amounts included in the measurement of operating lease liabilities and $2 million of cash paid for amounts included in the measurement of finance lease liabilities. For the year ended December 31, 2019, financing cash flows included $13 million of cash paid for amounts included in the measurement of finance lease liabilities.

19. Disposal of Business

On October 1, 2019, the Company completed the sale of AAH to American Family Insurance Mutual Holding Company (American Family Insurance). The Company received gross proceeds of $1.1 billion in cash at closing. After a payment to an affinity partner, the net proceeds were $1.0 billion. The Company recognized a gain on disposal of $213 million in the fourth quarter of 2019, which is net of the $100 million payment to an affinity partner.

20. Share-Based Compensation

The Company's share-based compensation plans consist of the Amended and Restated Ameriprise Financial 2005 Incentive Compensation Plan (the "2005 ICP"), the Ameriprise Financial 2008 Employment Incentive Equity Award Plan (the "2008 Plan"), the Ameriprise Financial Franchise Advisor Deferred Compensation Plan ("Franchise Advisor Deferral Plan") and the Ameriprise Advisor Group Deferred Compensation Plan ("Advisor Group Deferral Plan").

The components of the Company's share-based compensation expense, net of forfeitures, were as follows:

	December 31,		
	2019	2018	2017
	(in millions)		
Stock option	$ 31	$ 35	$ 32
Restricted stock	22	24	24
Restricted stock units	82	85	65
Liability awards	53	2	45
Total	$ 188	$ 146	$ 166

For the years ended December 31, 2019, 2018 and 2017, total income tax benefit recognized by the Company related to share-based compensation expense was $40 million, $31 million and $58 million, respectively.

As of December 31, 2019, there was $124 million of total unrecognized compensation cost related to non-vested awards under the Company's share-based compensation plans, which is expected to be recognized over a weighted-average period of 3.0 years.

Amended and Restated Ameriprise Financial 2005 Incentive Compensation Plan

The 2005 ICP, which was amended and approved by shareholders on April 30, 2014, provides for the grant of cash and equity incentive awards to directors, employees and independent contractors, including stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance shares and similar awards designed to comply with the applicable federal regulations and laws of jurisdiction. Under the 2005 ICP, a maximum of 54.4 million shares may be issued. Of this total, no more than 4.5 million shares may be issued after April 30, 2014 for full value awards, which are awards other than stock options and stock appreciation rights. Shares issued under the 2005 ICP may be authorized and unissued shares or treasury shares.

Ameriprise Financial 2008 Employment Incentive Equity Award Plan

The 2008 Plan is designed to align employees' interests with those of the shareholders of the Company and attract and retain new employees. The 2008 Plan provides for the grant of equity incentive awards to new employees, primarily those, who became employees in connection with a merger or acquisition, including stock options, restricted stock awards, restricted stock units, and other equity-based awards designed to comply with the applicable federal and foreign regulations and laws of jurisdiction. Under the 2008 Plan, a maximum of 6.0 million shares may be issued.

Stock Options

Stock options granted under the 2005 ICP and the 2008 Plan have an exercise price not less than 100% of the current fair market value of a share of the Company's common stock on the grant date and a maximum term of 10 years. Stock options granted generally vest ratably over three to four years. Vesting of option awards may be accelerated based on age and length of service. Stock options granted are expensed on a straight-line basis over the vesting period based on the fair value of the awards on the date of grant. The grant date fair value of the options is calculated using a Black-Scholes option-pricing model.

The following weighted average assumptions were used for stock option grants:

	2019	2018	2017
Dividend yield	3.0%	2.3%	2.3%
Expected volatility	27%	24%	30%
Risk-free interest rate	2.4%	2.4%	1.9%
Expected life of stock option (years)	5.0	5.0	5.0

The dividend yield assumption represents the Company's expected dividend yield based on its historical dividend payouts and management's expectations. The expected volatility is based on the Company's historical and implied volatilities. The risk-free interest rate for periods within the expected option life is based on the U.S. Treasury yield curve at the grant date. The expected life of the option is based on the Company's past experience and other considerations.

The weighted average grant date fair value for options granted during 2019, 2018 and 2017 was $24.67, $35.01 and $28.33, respectively.

A summary of the Company's stock option activity for 2019 is presented below (shares and intrinsic value in millions):

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1	6.1	$ 115.73	6.7	$ 57
Granted	1.3	126.89		
Exercised	(1.0)	86.90		
Forfeited	(0.1)	148.23		
Outstanding at December 31	6.3	122.12	6.6	292
Exercisable at December 31	4.0	111.32	5.5	227

The intrinsic value of a stock option is the amount by which the fair value of the underlying stock exceeds the exercise price of the option. The total intrinsic value of options exercised was $61 million, $58 million and $222 million during the years ended December 31, 2019, 2018 and 2017, respectively.

Restricted Stock Awards

Restricted stock awards granted under the 2005 ICP and 2008 Plan generally vest ratably over three to four years or at the end of five years. Compensation expense for restricted stock awards is based on the market price of Ameriprise Financial common stock on the date of grant and is amortized on a straight-line basis over the vesting period. Quarterly dividends are paid on restricted stock, as declared by the Company's Board of Directors, during the vesting period and are not subject to forfeiture.

Restricted Stock Units and Deferred Share Units

The 2005 ICP provides for the grant of deferred share units to non-employee directors of the Company and the 2005 ICP and 2008 Plan provide for the grant of restricted stock units or deferred share units to employees. The director awards are fully vested upon issuance and are settled for Ameriprise Financial common stock upon the director's termination of service. The employee awards generally vest ratably over three to four years. Compensation expense for deferred share units and restricted stock units is based on the market price of Ameriprise Financial stock on the date of grant. Restricted stock units and deferred stock units granted to employees are expensed on a straight-line basis over the vesting period or on an accelerated basis if certain age and length of service requirements are met. Deferred share units granted to non-employee directors are expensed immediately. Dividends are paid on restricted stock units, as declared by the Company's Board of Directors, during the vesting period and are not subject to forfeiture. Dividend equivalents are issued on deferred share units, as dividends are declared by the Company's Board of Directors, and are not paid until distribution of the award. Dividend equivalents on the director awards are not subject to forfeiture, but on employee awards they are forfeited if the award is forfeited.

Ameriprise Financial Deferred Compensation Plan

The Ameriprise Financial Deferred Compensation Plan ("DCP") under the 2005 ICP gives certain employees the choice to defer a portion of their eligible compensation, which can be invested in investment options as provided by the DCP, including the Ameriprise Financial Stock Fund. The DCP is an unfunded non-qualified deferred compensation plan under section 409A of the Internal Revenue Code. The Company provides a match on certain deferrals. Participant deferrals vest immediately and the Company match vests after three years. Distributions are made in shares of the Company's common stock for the portion of the deferral invested in the Ameriprise Financial Stock Fund and the Company match, for which the Company has recorded in equity. The DCP does allow for accelerated vesting of the share-based awards in cases of death, disability and qualified retirement. Compensation expense related to the Company match is recognized on a straight-line basis over the vesting period or on an accelerated basis if certain age and length of service requirements are met. Dividend equivalents are issued on deferrals into the Ameriprise Financial Stock Fund and the Company match. Dividend equivalents related to deferrals are not subject to forfeiture, whereas dividend equivalents related to the Company match are subject to forfeiture until fully vested.

Ameriprise Financial Franchise Advisor Deferral Plan

The Franchise Advisor Deferral Plan gives certain advisors the choice to defer a portion of their commissions into Ameriprise Financial stock or other investment options. The Franchise Advisor Deferral Plan is an unfunded non-qualified deferred compensation plan under section 409A of the Internal Revenue Code. The Franchise Advisor Deferral Plan allows for the grant of share-based awards of up to 12.5 million shares of common stock. The number of units awarded is based on the performance measures, deferral percentage and the market value of Ameriprise Financial common stock on the deferral date as defined by the plan. Share-based awards are fully vested and are not subject to forfeitures.

In addition to the voluntary deferral, certain advisors are eligible to earn additional deferred stock awards on commissions over a specified threshold or based on the success of the advisors they coach. The awards vest ratably over three or four years. The Franchise Advisor Deferral Plan allows for accelerated vesting of the share-based awards based on age and years as an advisor. Commission expense is recognized on a straight-line basis over the vesting period. Share units receive dividend equivalents, as dividends are declared by the Company's Board of Directors, until distribution and are subject to forfeiture until vested.

Ameriprise Advisor Group Deferred Compensation Plan

The Advisor Group Deferral Plan, which was created in April 2009, allows for employee advisors to receive share-based bonus awards which are subject to future service requirements and forfeitures. The Advisor Group Deferral Plan is an unfunded non-qualified deferred compensation plan under section 409A of the Internal Revenue Code. The Advisor Group Deferral Plan also gives qualifying employee advisors the choice to defer a portion of their base salary or commissions. This deferral can be in the form of Ameriprise Financial stock or other investment options. Deferrals are not subject to future service requirements or forfeitures. Under the Advisor Group Deferral Plan, a maximum of 3.0 million shares may be issued. Awards granted under the Advisor Group Deferral Plan may be settled in cash and/or shares of the Company's common stock according to the award's terms. Share units receive dividend equivalents, as dividends are declared by the Company's Board of Directors, until distribution and are subject to forfeiture until vested.

Full Value Share Award Activity

A summary of activity for the Company's restricted stock awards, restricted stock units granted to employees (including advisors), compensation and commission deferrals into stock and deferred share units for 2019 is presented below (shares in millions):

	Shares	Weighted Average Grant-date Fair Value
Non-vested shares at January 1	1.1	$ 130.17
Granted	0.8	130.84
Deferred	0.2	140.57
Vested	(0.8)	128.86
Forfeited	(0.1)	131.47
Non-vested shares at December 31	1.2	133.40

The deferred shares in the table above primarily relate to franchise advisor voluntary deferrals of their commissions into Ameriprise Financial stock under the Franchise Advisor Deferral Plan that are fully vested at the deferral date.

The fair value of full value share awards vested during the years ended December 31, 2019, 2018 and 2017 was $107 million, $128 million and $97 million, respectively.

The weighted average grant date fair value for restricted shares, restricted stock units and deferred share units during 2019, 2018 and 2017 was $129.30, $172.69 and $124.51, respectively. The weighted average grant date fair value for franchise advisor and advisor group deferrals during 2019, 2018 and 2017 was $136.81, $144.37 and $134.58, respectively.

Performance Share Units

Under the 2005 ICP, the Company's Executive Leadership Team may be awarded a target number of performance share units ("PSUs"). PSUs will be earned only to the extent that the Company attains certain goals relating to the Company's performance and relative total shareholder returns against peers over a three-year period. The awards also have a three-year service condition with cliff vesting with an accelerated service condition based on age and length of service. The actual number of PSUs ultimately earned could vary from zero, if performance goals are not met, to as much as 200% of the target for awards made prior to 2018 and 175% of the target for awards made in 2018 or later, if performance goals are significantly exceeded. The value of each target PSU is equal to the value of one share of Ameriprise Financial common stock. The total amount of target PSUs outstanding at the end of December 31, 2019, 2018 and 2017 was 0.4 million, 0.3 million and 0.2 million, respectively. The PSUs are liability awards. During the years ended December 31, 2019, 2018 and 2017, the value of shares settled for PSU awards was $19 million, $16 million and $13 million, respectively.

21. Shareholders' Equity

The following tables provide the amounts related to each component of OCI:

	Year Ended December 31, 2019		
	Pretax	Income Tax Benefit (Expense)	Net of Tax
		(in millions)	
Net unrealized gains (losses) on securities:			
Net unrealized gains (losses) on securities arising during the period [1]	$ 1,404	$ (309)	$ 1,095
Reclassification of net (gains) losses on securities included in net income [2]	6	(1)	5
Impact of DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables	(688)	144	(544)
Net unrealized gains (losses) on securities	722	(166)	556
Net unrealized gains (losses) on derivatives:			
Reclassification of net (gains) losses on derivatives included in net income [3]	(3)	1	(2)
Net unrealized gains (losses) on derivatives	(3)	1	(2)
Defined benefit plans:			
Prior service credit	14	(3)	11
Net gain (loss) arising during the period	(36)	7	(29)
Defined benefit plans	(22)	4	(18)
Foreign currency translation	18	(1)	17
Total other comprehensive income (loss)	$ 715	$ (162)	$ 553

	Year Ended December 31, 2018		
	Pretax	Income Tax Benefit (Expense)	Net of Tax
		(in millions)	
Net unrealized gains (losses) on securities:			
Net unrealized gains (losses) on securities arising during the period [1]	$ (1,039)	$ 237	$ (802)
Reclassification of net (gains) losses on securities included in net income [2]	(9)	2	(7)
Impact of DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables	435	(91)	344
Net unrealized gains (losses) on securities	(613)	148	(465)
Defined benefit plans:			
Net gain (loss) arising during the period	(30)	7	(23)
Defined benefit plans	(30)	7	(23)
Foreign currency translation	(32)	1	(31)
Total other comprehensive income (loss)	$ (675)	$ 156	$ (519)

	Year Ended December 31, 2017		
	Pretax	Income Tax Benefit (Expense)	Net of Tax
		(in millions)	
Net unrealized gains (losses) on securities:			
Net unrealized gains (losses) on securities arising during the period [1]	$ 243	$ (77)	$ 166
Reclassification of net (gains) losses on securities included in net income [2]	(55)	19	(36)
Impact of DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables	(180)	57	(123)
Net unrealized gains (losses) on securities	8	(1)	7
Net unrealized gains (losses) on derivatives:			
Reclassification of net (gains) losses on derivatives included in net income [3]	5	(2)	3
Net unrealized gains (losses) on derivatives	5	(2)	3
Defined benefit plans:			
Prior service credit	2	(1)	1
Net gain (loss) arising during the period	38	(11)	27
Defined benefit plans	40	(12)	28
Foreign currency translation	74	(82) [4]	(8)
Other	(1)	—	(1)
Total other comprehensive income (loss)	$ 126	$ (97)	$ 29

[1] Includes OTTI losses on Available-for-Sale securities related to factors other than credit that were recognized in other comprehensive income (loss) during the period.
[2] Reclassification amounts are recorded in net investment income.
[3] Includes a $2 million, $2 million and $2 million pretax gain reclassified to interest and debt expenses and nil, a $2 million and $5 million pretax loss reclassified to net investment income for the years ended December 31, 2019, 2018 and 2017, respectively.
[4] Includes an $87 million decrease to OCI related to deferred taxes on currency translations adjustments.

Other comprehensive income (loss) related to net unrealized gains (losses) on securities includes three components: (i) unrealized gains (losses) that arose from changes in the market value of securities that were held during the period; (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit OTTI losses to credit losses; and (iii) other adjustments primarily consisting of changes in insurance and annuity asset and liability balances, such as DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables, to reflect the expected impact on their carrying values had the unrealized gains (losses) been realized as of the respective balance sheet dates.

The following table presents the changes in the balances of each component of AOCI, net of tax:

	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivatives	Defined Benefit Plans	Foreign Currency Translation	Other	Total
			(in millions)			
Balance, January 1, 2017	$ 479 [1]	$ 5	$ (125)	$ (159)	$ —	$ 200
OCI before reclassifications	43	—	20	(8)	(1)	54
Amounts reclassified from AOCI	(36)	3	8	—	—	(25)
Total OCI	7	3	28	(8)	(1)	29
Balance, December 31, 2017	486 [1]	8	(97)	(167)	(1)	229
Cumulative effect of adoption of equity securities guidance	(1)	—	—	—	—	(1)
OCI before reclassifications	(458)	—	(36)	(31)	—	(525)
Amounts reclassified from AOCI	(7)	—	13	—	—	6
Total OCI	(465)	—	(23)	(31)	—	(519)
Balance, December 31, 2018	20 [1]	8	(120)	(198)	(1)	(291)
OCI before reclassifications	551	—	(28)	17	—	540
Amounts reclassified from AOCI	5	(2)	10	—	—	13
Total OCI	556	(2)	(18)	17	—	553
Balance, December 31, 2019	$ 576 [1]	$ 6	$ (138)	$ (181)	$ (1)	$ 262

[1] Includes $1 million, $1 million and $1 million of noncredit related impairments on securities and net unrealized gains (losses) on previously impaired securities as of December 31, 2019, 2018 and 2017, respectively.

For the years ended December 31, 2019, 2018 and 2017, the Company repurchased a total of 13.4 million shares, 11.3 million shares and 9.9 million shares, respectively, of its common stock for an aggregate cost of $1.9 billion, $1.6 billion and $1.3 billion, respectively. In April 2017, the Company's Board of Directors authorized an expenditure of up to $2.5 billion for the repurchase of shares of the Company's common stock through June 30, 2019, which was exhausted in the second quarter of 2019. In February 2019, the Company's Board of Directors authorized an additional repurchase up to $2.5 billion of the Company's common stock through March 31, 2021. As of December 31, 2019, the Company had $1.1 billion remaining under its share repurchase authorization.

The Company may also reacquire shares of its common stock under its share-based compensation plans related to restricted stock awards and certain option exercises. The holders of restricted shares may elect to surrender a portion of their shares on the vesting date to cover their income tax obligation. These vested restricted shares are reacquired by the Company and the Company's payment of the holders' income tax obligations are recorded as a treasury share purchase.

For the years ended December 31, 2019, 2018 and 2017, the Company reacquired 0.3 million shares, 0.3 million shares and 0.3 million shares, respectively, of its common stock through the surrender of shares upon vesting and paid in the aggregate $34 million, $44 million and $33 million, respectively, related to the holders' income tax obligations on the vesting date. Option holders may elect to net settle their vested awards resulting in the surrender of the number of shares required to cover the strike price and tax obligation of the options exercised. These shares are reacquired by the Company and recorded as treasury shares. For the years ended December 31, 2019, 2018 and 2017, the Company reacquired 0.7 million shares, 0.5 million shares and 2.2 million shares, respectively, of its common stock through the net settlement of options for an aggregate value of $106 million, $85 million and $298 million, respectively.

For the years ended December 31, 2019, 2018 and 2017, respectively, the Company reissued 0.7 million, 0.8 million and 0.8 million, respectively, treasury shares for restricted stock award grants, performance share units, and issuance of shares vested under advisor deferred compensation plans.

22. Earnings per Share

The computations of basic and diluted earnings per share is as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions, except per share amounts)		
Numerator:			
Net income	$ 1,893	$ 2,098	$ 1,480
Denominator:			
Basic: Weighted-average common shares outstanding	134.1	145.6	154.1
Effect of potentially dilutive nonqualified stock options and other share-based awards	1.9	2.1	2.6
Diluted: Weighted-average common shares outstanding	136.0	147.7	156.7
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders:			
Basic	$ 14.12	$ 14.41	$ 9.60
Diluted	$ 13.92	$ 14.20	$ 9.44

The calculation of diluted earnings per share excludes the incremental effect of 1.0 million, 3.2 million and nil options as of December 31, 2019, 2018 and 2017, respectively, due to their anti-dilutive effect.

23. Regulatory Requirements

Restrictions on the transfer of funds exist under regulatory requirements applicable to certain of the Company's subsidiaries. As of December 31, 2019, the aggregate amount of unrestricted net assets was approximately $1.9 billion.

The National Association of Insurance Commissioners ("NAIC") defines Risk-Based Capital ("RBC") requirements for insurance companies. The RBC requirements are used by the NAIC and state insurance regulators to identify companies that merit regulatory actions designed to protect policyholders. These requirements apply to the Company's life insurance companies. The Company's life insurance companies each met their respective minimum RBC requirements.

The Company's life insurance companies are required to prepare statutory financial statements in accordance with the accounting practices prescribed or permitted by the insurance departments of their respective states of domicile, which vary materially from GAAP. Prescribed statutory accounting practices include publications of the NAIC, as well as state laws, regulations and general administrative rules. The more significant differences from GAAP include charging policy acquisition costs to expense as incurred, establishing annuity and insurance reserves using different actuarial methods and assumptions, valuing investments on a different basis and excluding certain assets from the balance sheet by charging them directly to surplus, such as a portion of the net deferred income tax assets.

RiverSource Life received approval from the Minnesota Department of Commerce to apply a permitted statutory accounting practice, effective July 1, 2017 through June 30, 2019, for certain derivative instruments used to economically hedge the interest rate exposure of certain variable annuity products that do not qualify for statutory hedge accounting. The permitted practice is intended to mitigate the impact to statutory surplus from the misalignment between variable annuity statutory reserves, which are not carried at fair value, and the fair value of derivatives used to economically hedge the interest rate exposure of non-life contingent living benefit guarantees.

The permitted practice allowed RiverSource Life to defer a portion of the change in fair value, net investment income and realized gains or losses generated from designated derivatives to the extent the amounts do not offset the current period interest-rate related change in the variable annuity statutory reserve liability. The deferred amount could be amortized over ten years using the straight-line method with the ability to accelerate amortization at management's discretion. As of June 30, 2019, RiverSource Life elected to accelerate amortization of the net deferred amount associated with its permitted practice.

State insurance statutes contain limitations as to the amount of dividends that insurers may make without providing prior notification to state regulators. For RiverSource Life, payments in excess of unassigned surplus, as determined in accordance with accounting practices prescribed by the State of Minnesota, require advance notice to the Minnesota Department of Commerce, RiverSource Life's primary regulator, and are subject to potential disapproval. RiverSource Life's statutory unassigned surplus aggregated $326 million and $642 million as of December 31, 2019 and 2018, respectively.

In addition, dividends whose fair market value, together with that of other dividends made within the preceding 12 months, exceed the greater of the previous year's statutory net gain from operations or 10% of the previous year-end statutory capital and surplus are referred to as "extraordinary dividends." Extraordinary dividends also require advance notice to the Minnesota Department of Commerce, and are subject to potential disapproval. Statutory capital and surplus for RiverSource Life was $2.9 billion and $3.3 billion as of December 31, 2019 and 2018, respectively.

Statutory net gain from operations and net income (loss) are summarized as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
RiverSource Life			
Statutory net gain from operations	$ 1,505	$ 1,686	$ 958
Statutory net income (loss)	786	1,628	222

Government debt securities of $4 million as of both December 31, 2019 and 2018 held by the Company's life insurance subsidiaries were on deposit with various states as required by law.

Ameriprise Certificate Company ("ACC") is registered as an investment company under the Investment Company Act of 1940 (the "1940 Act"). ACC markets and sells investment certificates to clients. ACC is subject to various capital requirements under the 1940 Act, laws of the State of Minnesota and understandings with the Securities and Exchange Commission ("SEC") and the Minnesota Department of Commerce. The terms of the investment certificates issued by ACC and the provisions of the 1940 Act also require the maintenance by ACC of qualified assets. Under the provisions of its certificates and the 1940 Act, ACC was required to have qualified assets (as that term is defined in Section 28(b) of the 1940 Act) in the amount of $7.5 billion and $7.9 billion as of December 31, 2019 and 2018, respectively. ACC had qualified assets of $8.0 billion and $8.4 billion as of December 31, 2019 and 2018, respectively.

Ameriprise Financial and ACC entered into a Capital Support Agreement on March 2, 2009, pursuant to which Ameriprise Financial agrees to commit such capital to ACC as is necessary to satisfy applicable minimum capital requirements. Effective April 30, 2014, this agreement was amended to revise the maximum commitment to $50 million. For the years ended December 31, 2019 and 2018, ACC did not draw upon the Capital Support Agreement and had met all applicable capital requirements.

Threadneedle's required capital is predominantly based on the requirements specified by its regulator, the Financial Conduct Authority ("FCA"), under its Capital Adequacy Requirements for asset managers.

The Company has four broker-dealer subsidiaries as of December 31, 2019, American Enterprise Investment Services Inc., Ameriprise Financial Services, LLC (previously Ameriprise Financial Services, Inc. until January 2020), RiverSource Distributors, Inc. and Columbia Management Investment Distributors, Inc. The broker-dealers are subject to the net capital requirements of the Financial Industry Regulatory Authority ("FINRA") and the Uniform Net Capital requirements of the SEC under Rule 15c3-1 of the Securities Exchange Act of 1934.

Ameriprise Trust Company is subject to capital adequacy requirements under the laws of the State of Minnesota as enforced by the Minnesota Department of Commerce.

Ameriprise Bank, FSB ("Ameriprise Bank") is subject to regulation by the Comptroller of Currency ("OCC") and the Federal Deposit Insurance Corporation in its role as insurer of its deposits. Ameriprise Bank is required to maintain sufficient capital under specific capital rules in compliance with OCC regulations and polices, in addition to other rules and regulations governing all aspects of the banking business.

24. Income Taxes

The components of income tax provision attributable to continuing operations were as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Current income tax			
Federal	$ 531	$ 275	$ 468
State and local	80	45	58
Foreign	36	41	52
Total current income tax	647	361	578
Deferred income tax			
Federal	(297)	20	169
State and local	(13)	2	(5)
Foreign	2	3	(8)
Total deferred income tax	(308)	25	156
Total income tax provision	$ 339	$ 386	$ 734

On December 22, 2017, the Tax Act was signed into law. The provision for income taxes for the year ended December 31, 2017 included an expense of $286 million due to the enactment of the Tax Act. The $286 million expense included: 1) a $221 million expense for the remeasurement of deferred tax assets and liabilities to the Tax Act's statutory rate of 21%; 2) a $57 million expense for the foreign provisions of the Tax Act, including a deemed repatriation tax of the Company's total post-1986 earnings and profits ("E&P"); and 3) an $8 million expense for the remeasurement of tax contingencies, specifically state tax contingencies and interest accrued for tax contingencies. In 2018, the Company finalized its accounting related to the Tax Act and recorded a $3 million benefit related to foreign provisions.

The geographic sources of pretax income from continuing operations were as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
United States	$ 2,045	$ 2,263	$ 1,988
Foreign	187	221	226
Total	$ 2,232	$ 2,484	$ 2,214

The principal reasons that the aggregate income tax provision attributable to continuing operations is different from that computed by using the U.S. statutory rates of 21% for 2019 and 2018 and 35% for 2017 were as follows:

	Years Ended December 31,		
	2019	2018	2017
Tax at U.S. statutory rate	21.0 %	21.0 %	35.0 %
Changes in taxes resulting from:			
Low income housing tax credits	(3.6)	(3.2)	(3.4)
State taxes, net of federal benefit	2.4	1.5	—
Foreign tax credits, net of addback	(2.2)	(1.1)	—
Dividends received deduction	(1.8)	(1.6)	(5.8)
Impact of the Tax Act	—	—	13.0
Incentive compensation	—	—	(3.0)
Foreign taxes	—	—	(2.0)
Other, net	(0.6)	(1.1)	(0.7)
Income tax provision	15.2 %	15.5 %	33.1 %

The decrease in the Company's effective tax rate for the year ended December 31, 2018 compared to 2017 was primarily the result of the decrease in the federal statutory rate and a $286 million expense in 2017 due to provisions of the Tax Act, partially offset by lower levels of the dividends received deduction and a decrease in the benefit for net excess tax benefits related to employee share-based payments.

Accumulated earnings of certain foreign subsidiaries, which totaled $17 million as of December 31, 2019, are intended to be permanently reinvested outside the United States. The expected incremental tax expense on these earnings relates to potential unrecoverable foreign withholding taxes if the earnings are distributed. As of December 31, 2019, this potential future cost is estimated to be immaterial.

Deferred income tax assets and liabilities result from temporary differences between the assets and liabilities measured for GAAP reporting versus income tax return purposes. Deferred income tax assets and liabilities are measured at the statutory rate of 21% as of both December 31, 2019 and 2018. The significant components of the Company's deferred income tax assets and liabilities, which are included net within other assets or other liabilities on the Consolidated Balance Sheets, were as follows:

	December 31,	
	2019	2018
	(in millions)	
Deferred income tax assets		
Liabilities for policyholder account balances, future policy benefits and claims	$ 945	$ 725
Deferred compensation	406	329
Investment related	188	145
Right of use lease liability	59	—
Postretirement benefits	45	44
Other	47	57
Gross deferred income tax assets	1,690	1,300
Less: valuation allowance	19	20
Total deferred income tax assets	1,671	1,280
Deferred income tax liabilities		
Deferred acquisition costs	456	437
Net unrealized gains on Available-for-Sale securities	186	30
Intangible assets	115	104
Depreciation expense	94	101
Goodwill	64	60
Right of use lease asset	54	—
Deferred sales inducement costs	50	53
Other	6	6
Gross deferred income tax liabilities	1,025	791
Net deferred income tax assets	$ 646	$ 489

Included in the Company's deferred income tax assets are tax benefits primarily related to state net operating losses of $16 million, net of federal benefit, which will expire beginning December 31, 2020. Based on analysis of the Company's tax position, management believes it is more likely than not that the Company will not realize certain state net operating losses of $13 million, state deferred tax assets of $4 million and foreign deferred tax assets of $2 million; therefore, a valuation allowance of $19 million has been established.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits was as follows:

	2019	2018	2017
		(in millions)	
Balance at January 1	$ 92	$ 76	$ 115
Additions based on tax positions related to the current year	15	22	16
Additions for tax positions of prior years	39	9	3
Reductions for tax positions of prior years	(17)	(3)	(57)
Audit settlements	(29)	(12)	(1)
Balance at December 31	$ 100	$ 92	$ 76

If recognized, approximately $67 million, $70 million and $58 million, net of federal tax benefits, of unrecognized tax benefits as of December 31, 2019, 2018, and 2017, respectively, would affect the effective tax rate.

It is reasonably possible that the total amount of unrecognized tax benefits will change in the next 12 months. The Company estimates that the total amount of gross unrecognized tax benefits may decrease by $40 million to $50 million in the next 12 months primarily due to Internal Revenue Service ("IRS") settlements and state exams.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. The Company recognized a net decrease of $2 million, a net increase of $2 million, and nil in interest and penalties for the years ended

December 31, 2019, 2018, and 2017, respectively. As of December 31, 2019 and 2018, the Company had a payable of $8 million and $10 million, respectively, related to accrued interest and penalties.

The Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. In the third quarter of 2019, the federal statutes of limitation closed for the 2014 and 2015 tax years. The Company's tax returns for 2014 and 2015 are effectively settled except for one issue which was claimed on amended returns filed in the second quarter of 2019. The IRS is currently auditing the Company's U.S. income tax returns for 2016 and 2017. The Company's state income tax returns are currently under examination by various jurisdictions for years ranging from 2009 through 2017. In the United Kingdom ("UK"), Her Majesty's Revenue and Customs is performing a business risk review of the company's UK subsidiaries for the 2016 tax year.

25. Retirement Plans and Profit Sharing Arrangements

Defined Benefit Plans

Pension Plans and Other Postretirement Benefits

The Company's U.S. non-advisor employees are generally eligible for the Ameriprise Financial Retirement Plan (the "Retirement Plan"), a noncontributory defined benefit plan which is a qualified plan under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Funding of costs for the Retirement Plan complies with the applicable minimum funding requirements specified by ERISA and is held in a trust. The Retirement Plan is a cash balance plan by which the employees' accrued benefits are based on notional account balances, which are maintained for each individual. Each pay period these balances are credited with an amount equal to a percentage of eligible compensation as defined by the Retirement Plan (which includes, but is not limited to, base pay, performance based incentive pay, commissions, shift differential and overtime). Prior to March 1, 2010, the percentage ranged from 2.5% to 10% based on employees' age plus years of service. Effective March 1, 2010, the percentage ranges from 2.5% to 5% based on employees' years of service. Employees eligible for the plan at the time of the change will continue to receive the same percentage they were receiving until the new schedule becomes more favorable. Employees' balances are also credited with a fixed rate of interest that is updated each January 1 and is based on the average of the daily five-year U.S. Treasury Note yields for the previous October 1 through November 30, with a minimum crediting rate of 5%. Employees are fully vested after three years of service or upon retirement at or after age 65, disability or death while employed. Employees have the option to receive annuity payments or a lump sum payout of vested balance at termination or retirement. The Retirement Plan's year-end is September 30.

Effective April 2020, the Company will no longer enroll employees in the Retirement Plan. Instead, newly eligible employees will receive a company contribution to the Ameriprise Financial 401(k) Plan (the "401(k) Plan"). Active participants in the Retirement Plan as of April 2020 will continue to receive company allocations to the Retirement Plan each pay period. However, the company allocations to the Retirement Plan will not increase from the percentage received as of April 2020. These plan changes are reflected in the obligations disclosed as of December 31, 2019.

In addition, the Company sponsors the Ameriprise Financial Supplemental Retirement Plan (the "SRP"), an unfunded non-qualified deferred compensation plan subject to Section 409A of the Internal Revenue Code. This plan is for certain highly compensated employees to replace the benefit that cannot be provided by the Retirement Plan due to IRS limits. The SRP generally parallels the Retirement Plan but offers different payment options.

The Company also sponsors unfunded defined benefit postretirement plans that provide health care and life insurance to retired U.S. employees. On December 31, 2016, the access to retiree health care coverage was closed to all active employees who had previously met the qualification requirements. Instead, only existing retirees, as of January 1, 2017, qualifying for the plan and electing coverage will be provided a fixed amount to subsidize health care insurance purchased through other providers. Net periodic postretirement benefit costs were not material for the years ended December 31, 2019, 2018 and 2017.

Most employees outside the U.S. are covered by local retirement plans, some of which are funded, while other employees receive payments at the time of retirement or termination under applicable labor laws or agreements.

All components of the net periodic benefit cost are recorded in general and administrative expense and were as follows:

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Service cost	$ 44	$ 48	$ 47
Interest cost	36	30	28
Expected return on plan assets	(53)	(48)	(45)
Amortization of prior service costs	—	—	(1)
Amortization of net loss	5	11	10
Other	8	5	3
Net periodic benefit cost	$ 40	$ 46	$ 42

The prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation or the market-related value of assets are amortized on a straight-line basis over the expected average remaining service period of active participants.

The following table provides a reconciliation of changes in the benefit obligation:

	Pension Plans		Other Postretirement Plans	
	2019	2018	2019	2018
	(in millions)			
Benefit obligation, January 1	$ 967	$ 995	$ 14	$ 15
Service cost	44	48	—	—
Interest cost	36	30	—	1
Plan change	(15)	—	—	—
Benefits paid	(9)	(9)	(1)	(1)
Actuarial (gain) loss	131	(59)	1	(1)
Curtailments	(7)	—	—	—
Settlements	(42)	(29)	—	—
Foreign currency rate changes	6	(9)	—	—
Benefit obligation, December 31	$ 1,111	$ 967	$ 14	$ 14

The actuarial loss for pension plans for 2019 was primarily due to a decrease in the discount rate assumption as of December 31, 2019 compared to the prior year-end, as well as demographic experience during the Retirement Plan year.

The actuarial gain for pension plans for 2018 was primarily due to an increase in the discount rate assumption as of December 31, 2018 compared to the prior year-end, partially offset by demographic experience during the Retirement Plan year.

The following table provides a reconciliation of changes in the fair value of assets:

	Pension Plans	
	2019	2018
	(in millions)	
Fair value of plan assets, January 1	$ 728	$ 748
Actual return on plan assets	130	(59)
Employer contributions	24	86
Benefits paid	(9)	(9)
Settlements	(42)	(29)
Foreign currency rate changes	7	(9)
Fair value of plan assets, December 31	$ 838	$ 728

The Company complies with the minimum funding requirements in all countries. The following table provides the amounts recognized in the Consolidated Balance Sheets as of December 31, which equal the funded status of the plans:

	Pension Plans		Other Postretirement Plans	
	2019	2018	2019	2018
	(in millions)			
Benefit liability	$ (278)	$ (256)	$ (14)	$ (14)
Benefit asset	5	17	—	—
Net amount recognized	$ (273)	$ (239)	$ (14)	$ (14)

The accumulated benefit obligation for all pension plans as of December 31, 2019 and 2018 was $1.1 billion and $905 million, respectively. The following table provides information for pension plans with benefit obligations in excess of plan assets:

	December 31,	
	2019	2018
	(in millions)	
Pension plans with accumulated benefit obligations in excess of plan assets		
Accumulated benefit obligation	$ 875	$ 762
Fair value of plan assets	644	559
Pension plans with projected benefit obligations in excess of plan assets		
Projected benefit obligation	$ 922	$ 815
Fair value of plan assets	644	559

The weighted average assumptions used to determine benefit obligations were as follows:

	Pension Plans		Other Postretirement Plans	
	2019	2018	2019	2018
Discount rates	2.97%	4.01%	2.99%	4.11%
Rates of increase in compensation levels	4.01	4.25	N/A	N/A
Interest crediting rates for cash balance plans	5.00	5.00	N/A	N/A

The weighted average assumptions used to determine net periodic benefit cost of pension plans were as follows:

	2019	2018	2017
Discount rates	4.00%	3.30%	3.64%
Rates of increase in compensation levels	4.25	4.29	4.39
Expected long-term rates of return on assets	7.18	7.11	7.13
Interest crediting rates for cash balance plans	5.00	5.00	5.00

In developing the expected long-term rate of return on assets, management evaluated input from an external consulting firm, including their projection of asset class return expectations and long-term inflation assumptions. The Company also considered historical returns on the plans' assets. Discount rates are based on yields available on high-quality corporate bonds that would generate cash flows necessary to pay the benefits when due.

The Company's pension plans' assets are invested in an aggregate diversified portfolio to minimize the impact of any adverse or unexpected results from a security class on the entire portfolio. Diversification is interpreted to include diversification by asset type, performance and risk characteristics and number of investments. When appropriate and consistent with the objectives of the plans, derivative instruments may be used to mitigate risk or provide further diversification, subject to the investment policies of the plans. Asset classes and ranges considered appropriate for investment of the plans' assets are determined by each plan's investment committee. The target allocations are 70% equity securities, 20% debt securities and 10% all other types of investments, except for the assets in pooled pension funds which are 83% equity securities and 17% debt securities and additional voluntary contribution assets outside the U.S. which are allocated at the discretion of the individual and will be converted at retirement into the defined benefit pension plan. Actual allocations will generally be within 5% of these targets. As of December 31, 2019, there were no significant holdings of any single issuer and the exposure to derivative instruments was not significant.

The following tables present the Company's pension plan assets measured at fair value on a recurring basis:

Asset Category	December 31, 2019				
	Level 1	Level 2	Level 3	Total	
	(in millions)				
Equity securities:					
U.S. large cap stocks	$ 119	$ —	$ —	$ 119	
U.S. small cap stocks	91	—	—	91	
Non-U.S. large cap stocks	32	—	—	32	
Debt securities:					
U.S. investment grade bonds	43	24	—	67	
U.S. high yield bonds	6	—	—	6	
Non-U.S. investment grade bonds	16	—	—	16	
Cash equivalents at NAV				30	(1)
Collective investment funds at NAV				232	(1)
Real estate investment trusts at NAV				20	(1)
Hedge funds at NAV				29	(1)
Pooled pension funds at NAV				196	(1)
Total	$ 307	$ 24	$ —	$ 838	

Asset Category	December 31, 2018				
	Level 1	Level 2	Level 3	Total	
	(in millions)				
Equity securities:					
U.S. large cap stocks	$ 90	$ —	$ —	$ 90	
U.S. small cap stocks	70	—	—	70	
Non-U.S. large cap stocks	25	—	—	25	
Non-U.S. small cap stocks	22	—	—	22	
Debt securities:					
U.S. investment grade bonds	39	23	—	62	
U.S. high yield bonds	5	—	—	5	
Non-U.S. investment grade bonds	15	—	—	15	
Cash equivalents at NAV				36	(1)
Collective investment funds at NAV				188	(1)
Real estate investment trusts at NAV				19	(1)
Hedge funds at NAV				27	(1)
Pooled pension funds at NAV				169	(1)
Total	$ 266	$ 23	$ —	$ 728	

(1) Amounts are comprised of certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy.

Equity securities are managed to track the performance of common market indices for both U.S. and non-U.S. securities, primarily across large cap, small cap and emerging market asset classes. Debt securities are managed to track the performance of common market indices for both U.S. and non-U.S. investment grade bonds as well as a pool of U.S. high yield bonds. Collective investment funds include equity and debt securities. Real estate funds are managed to track the performance of a broad population of investment grade non-agricultural income producing properties. The Company's investments in hedge funds include investments in a multi-strategy fund and an off-shore fund managed to track the performance of broad fund of fund indices. Pooled pension funds are managed to track a specific benchmark based on the investment objectives of the fund. Cash equivalents consist of holdings in a money market fund that seeks to equal the return of the three month U.S. Treasury bill.

The fair value of equity securities using quoted prices in active markets is classified as Level 1. Level 1 debt securities include U.S. Treasuries and actively traded mutual funds. Level 2 debt securities include mortgage and asset backed securities, agency

securities and corporate debt securities. The fair value of the Level 2 securities is determined based on a market approach using observable inputs.

The amounts recognized in AOCI, net of tax, as of December 31, 2019 but not recognized as components of net periodic benefit cost included an unrecognized actuarial loss of $151 million, an unrecognized prior service credit of $11 million, and a currency exchange rate adjustment of $2 million related to the Company's pension plans. The Company's other postretirement plans included an unrecognized actuarial gain of $3 million and an unrecognized prior service credit of $1 million. See Note 21 for a rollforward of AOCI related to the Company's defined benefit plans.

The Company's pension plans expect to make benefit payments to retirees as follows:

	Pension Plans	Other Postretirement Plans
	(in millions)	
2020	$ 86	$ 1
2021	62	1
2022	67	1
2023	83	1
2024	72	1
2025-2029	381	5

The Company expects to contribute $16 million and $1 million to its pension plans and other postretirement plans, respectively, in 2020.

Defined Contribution Plans

The Company's employees are generally eligible to participate in the 401(k) Plan. The 401(k) Plan allows eligible employees to make contributions through payroll deductions up to IRS limits and invest their contributions in one or more of the 401(k) Plan investment options, which include the Ameriprise Financial Stock Fund. The Company provides a dollar for dollar match up to the first 5% of eligible compensation an employee contributes on a pretax and/or Roth 401(k) basis for each annual period. Effective April 2020, employees not eligible to participate in the Retirement Plan will receive a 2% company contribution to their 401(k) Plan once they become eligible for contributions.

Under the 401(k) Plan, employees become eligible for contributions under the plan during the pay period they reach 60 days of service. Match contributions are fully vested after five years of service, vesting ratably over the first five years of service, or upon retirement at or after age 65, disability or death while employed. The Company's defined contribution plan expense was $56 million, $56 million and $49 million in 2019, 2018 and 2017, respectively.

Employees outside the U.S. who are not covered by the 401(k) may be covered by local defined contribution plans which are subject to applicable laws and rules of the country where the plan is administered. The Company's expense related to defined contribution plans outside the U.S. was $6 million, $6 million and $5 million in 2019, 2018 and 2017, respectively.

26. Commitments, Guarantees and Contingencies

Commitments

The following table presents the Company's funding commitments as of December 31:

	2019	2018
	(in millions)	
Commercial mortgage loans	$ 60	$ 57
Affordable housing and other real estate partnerships	22	59
Private funds	12	—
Consumer lines of credit	1	1
Total funding commitments	$ 95	$ 117

Guarantees

The Company's life and annuity products all have minimum interest rate guarantees in their fixed accounts. As of December 31, 2019, these guarantees range from 1% to 5%.

Contingencies

The Company and its subsidiaries are involved in the normal course of business in legal proceedings which include regulatory inquiries, arbitration and litigation, including class actions concerning matters arising in connection with the conduct of its activities as a diversified financial services firm. These include proceedings specific to the Company as well as proceedings generally applicable to

business practices in the industries in which it operates. The Company can also be subject to legal proceedings arising out of its general business activities, such as its investments, contracts, leases and employment relationships. Uncertain economic conditions, heightened and sustained volatility in the financial markets and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company's businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, the SEC, the Financial Industry Regulatory Authority, the OCC, the UK Financial Conduct Authority, the FRB, state insurance and securities regulators, state attorneys general and various other domestic or foreign governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company's business activities and practices, and the practices of the Company's financial advisors. The Company typically has numerous pending matters which include information requests, exams or inquiries that the Company has received during recent periods regarding certain matters, including: sales and distribution of mutual funds, exchange traded funds, annuities, equity and fixed income securities, real estate investment trusts, insurance products, and financial advice offerings, including managed accounts; supervision of the Company's financial advisors and other associated persons; administration of insurance and annuity claims; security of client information; trading activity and the Company's monitoring and supervision of such activity; and transaction monitoring systems and controls. The Company has cooperated and will continue to cooperate with the applicable regulators.

These legal and regulatory proceedings are subject to uncertainties and, as such, it is inherently difficult to determine whether any loss is probable or even reasonably possible, or to reasonably estimate the amount of any loss. The Company cannot predict with certainty if, how or when any such proceedings will be initiated or resolved. Matters frequently need to be more developed before a loss or range of loss can be reasonably estimated for any proceeding. An adverse outcome in one or more proceeding could eventually result in adverse judgments, settlements, fines, penalties or other sanctions, in addition to further claims, examinations or adverse publicity that could have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

In accordance with applicable accounting standards, the Company establishes an accrued liability for contingent litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. The Company discloses the nature of the contingency when management believes there is at least a reasonable possibility that the outcome may be material to the Company's consolidated financial statements and, where feasible, an estimate of the possible loss. In such cases, there still may be an exposure to loss in excess of any amounts reasonably estimated and accrued. When a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability, but continues to monitor, in conjunction with any outside counsel handling a matter, further developments that would make such loss contingency both probable and reasonably estimable. Once the Company establishes an accrued liability with respect to a loss contingency, the Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established, and any appropriate adjustments are made each quarter.

Guaranty Fund Assessments

RiverSource Life and RiverSource Life of NY are required by law to be a member of the guaranty fund association in every state where they are licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, the Company could be adversely affected by the requirement to pay assessments to the guaranty fund associations. The Company projects its 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 ("NOLHGA") and the amount of its premiums written relative to the industry-wide premium in each state. The Company accrues the estimated cost of future guaranty fund assessments when it is considered probable that an assessment will be imposed, the event obligating the Company to pay the assessment has occurred and the amount of the assessment can be reasonably estimated.

The Company has a liability for estimated guaranty fund assessments and a related premium tax asset. As of both December 31, 2019 and 2018, the estimated liability was $12 million. As of December 31, 2019 and 2018, the related premium tax asset was $10 million and $11 million, respectively. The expected period over which guaranty fund assessments will be made and the related tax credits recovered is not known.

27. Related Party Transactions

The Company may engage in transactions in the ordinary course of business with significant shareholders or their subsidiaries, between the Company and its directors and officers or with other companies whose directors or officers may also serve as directors or officers for the Company or its subsidiaries. The Company carries out these transactions on customary terms.

The Company's executive officers and directors may have transactions with the Company or its subsidiaries involving financial products and insurance services. All obligations arising from these transactions are in the ordinary course of the Company's business and are on the same terms in effect for comparable transactions with the general public. Such obligations involve normal risks of collection and do not have features or terms that are unfavorable to the Company or its subsidiaries.

These transactions have not had a material impact on the Company's consolidated results of operations or financial condition.

28. Segment Information

The Company's reporting segments are Advice & Wealth Management, Asset Management, Annuities, Protection and Corporate & Other.

The accounting policies of the segments are the same as those of the Company, except for operating adjustments defined below, the method of capital allocation, the accounting for gains (losses) from intercompany revenues and expenses and not providing for income taxes on a segment basis.

The largest source of intersegment revenues and expenses is retail distribution services, where segments are charged transfer pricing rates that approximate arm's length market prices for distribution through the Advice & Wealth Management segment. The Advice & Wealth Management segment provides distribution services for affiliated and non-affiliated products and services. The Asset Management segment provides investment management services for the Company's owned assets and client assets, and accordingly charges investment and advisory management fees to the other segments. All intersegment activity is eliminated in the Company's consolidated results.

All costs related to shared services are allocated to the segments based on a rate times volume or fixed basis.

The Advice & Wealth Management segment provides financial planning and advice, as well as full-service brokerage services, primarily to retail clients through the Company's advisors. These services are centered on long-term, personal relationships between the Company's advisors and its clients and focus on helping clients achieve their financial goals. The Company's advisors provide a distinctive approach to financial planning and have access to a broad selection of both affiliated and non-affiliated products to help clients meet their financial needs and goals. A significant portion of revenues in this segment are fee-based and driven by the level of client assets, which is impacted by both market movements and net asset flows. The Company also earns net investment income on owned assets primarily from certificate and banking products. This segment earns revenues (distribution fees) for distributing non-affiliated products and intersegment revenues (distribution fees) for distributing the Company's affiliated products and services provided to its retail clients. Intersegment expenses for this segment include expenses for investment management services provided by the Asset Management segment.

The Asset Management segment provides investment management, advice and products to retail, high net worth and institutional clients on a global scale through the *Columbia Threadneedle Investments*® brand, which represents the combined capabilities, resources and reach of Columbia Management Investment Advisers, LLC ("Columbia Management") and Threadneedle. Columbia Management primarily provides products and services in the U.S. and Threadneedle primarily provides products and services internationally. The Company offers U.S. retail clients with a range of products through both unaffiliated third party financial institutions and the Advice & Wealth Management segment. The Company provides institutional products and services through its institutional sales force. Retail products for non-U.S. investors are primarily distributed through third-party financial institutions and unaffiliated financial advisors. Retail products include U.S. mutual funds and their non-U.S. equivalents, exchange-traded funds and variable product funds underlying insurance and annuity separate accounts. Institutional asset management services are designed to meet specific client objectives and may involve a range of products, including those that focus on traditional asset classes, separately managed accounts, individually managed accounts, CLOs, hedge fund or alternative strategies, collective funds and property funds. CLOs, hedge fund or alternative strategies and certain private funds are often classified as alternative assets. Revenues in this segment are primarily earned as fees based on managed asset balances, which are impacted by market movements, net asset flows, asset allocation and product mix. The Company may also earn performance fees from certain accounts where investment performance meets or exceeds certain pre-identified targets. The Asset Management segment also provides intercompany asset management services for Ameriprise Financial subsidiaries. The fees for all such services are reflected within the Asset Management segment results through intersegment transfer pricing. Intersegment expenses for this segment include distribution expenses for services provided by the Advice & Wealth Management and Annuities and Protection segments.

The Annuities segment provides variable and fixed annuity products of RiverSource Life companies to individual clients. The Company provides variable and fixed annuity products through its advisors. Revenues for the Company's variable annuity products are primarily earned as fees based on underlying account balances, which are impacted by both market movements and net asset flows. Revenues for the Company's fixed deferred annuity products are primarily earned as net investment income on the RiverSource Life companies' general account assets supporting fixed account balances, with profitability significantly impacted by the spread between net investment income earned and interest credited on the fixed account balances. The Company also earns net investment income on general account assets supporting reserves for immediate annuities with a non-life contingent feature and for certain guaranteed benefits offered with variable annuities and on capital supporting the business. Revenues for the Company's immediate annuities with a life contingent feature are earned as premium revenue. Intersegment revenues for this segment reflect fees paid by the Asset Management segment for marketing support and other services provided in connection with the availability of variable insurance trust funds ("VIT Funds") under the variable annuity contracts. Intersegment expenses for this segment include distribution expenses for services provided by the Advice & Wealth Management segment, as well as expenses for investment management services provided by the Asset Management segment.

The Protection segment offers a variety of products to address the protection and risk management needs of the Company's retail clients including life and DI insurance. Life and DI products are primarily provided through the Company's advisors. The Company issues insurance policies through its RiverSource life insurance subsidiaries. The primary sources of revenues for this segment are

premiums, fees and charges that the Company receives to assume insurance-related risk. The Company earns net investment income on owned assets supporting insurance reserves and capital supporting the business. The Company also receives fees based on the level of the RiverSource Life companies' separate account assets supporting VUL investment options. This segment earns intersegment revenues from fees paid by the Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds under the VUL contracts. Intersegment expenses for this segment include distribution expenses for services provided by the Advice & Wealth Management segment, as well as expenses for investment management services provided by the Asset Management segment.

The Corporate & Other segment consists of net investment income or loss on corporate level assets, including excess capital held in the Company's subsidiaries and other unallocated equity and other revenues as well as unallocated corporate expenses. The Corporate & Other segment also includes the results of the Company's closed block long term care business. The Corporate & Other segment also includes revenues and expenses of consolidated investment entities, which are excluded on an operating basis. Beginning in the first quarter of 2019, the results of AAH, which had been reported as part of the Protection segment, were reflected in the Corporate & Other segment. Prior periods presented have been restated to reflect the change. The Company sold AAH on October 1, 2019.

Management uses segment adjusted operating measures in goal setting, as a basis for determining employee compensation and in evaluating performance on a basis comparable to that used by some securities analysts and investors. Consistent with GAAP accounting guidance for segment reporting, adjusted operating earnings is the Company's measure of segment performance. Adjusted operating earnings should not be viewed as a substitute for GAAP pretax income. The Company believes the presentation of segment adjusted operating earnings, as the Company measures it for management purposes, enhances the understanding of its business by reflecting the underlying performance of its core operations and facilitating a more meaningful trend analysis.

Effective first quarter of 2019, management has excluded mean reversion related impacts from the Company's adjusted operating measures. Prior periods have been updated to reflect this change to be consistent with the current period presentation. The mean reversion related impact is defined as the impact on variable annuity and VUL products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves.

Adjusted operating earnings is defined as adjusted operating net revenues less adjusted operating expenses. Adjusted operating net revenues and adjusted operating expenses exclude the market impact on IUL benefits (net of hedges and the related DAC amortization, unearned revenue amortization, and the reinsurance accrual), mean reversion related impacts, integration and restructuring charges, gain or loss on disposal of a business that is not considered discontinued operations, results of discontinued operations and the impact of consolidating investment entities. Adjusted operating net revenues also exclude net realized investment gains or losses (net of unearned revenue amortization and the reinsurance accrual) and the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments. Adjusted operating expenses also exclude the market impact on variable annuity guaranteed benefits (net of hedges and the related DSIC and DAC amortization), the market impact on fixed index annuity benefits (net of hedges and the related DAC amortization), and the DSIC and DAC amortization offset to net realized investment gains or losses. The market impact on variable annuity guaranteed benefits, fixed index annuity benefits and IUL benefits includes changes in embedded derivative values caused by changes in financial market conditions, net of changes in economic hedge values and unhedged items including the difference between assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and certain policyholder contract elections, net of related impacts on DAC and DSIC amortization. The market impact also includes certain valuation adjustments made in accordance with FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, including the impact on embedded derivative values of discounting projected benefits to reflect a current estimate of the Company's life insurance subsidiary's nonperformance spread.

The following tables summarize selected financial information by segment and reconcile segment totals to those reported on the consolidated financial statements:

	December 31,	
	2019	2018
	(in millions)	
Advice & Wealth Management	$ 17,607	$ 14,480
Asset Management	8,226	7,558
Annuities	98,195	88,771
Protection	16,980	17,126
Corporate & Other	10,820	9,281
Total assets	$ 151,828	$ 137,216

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Adjusted operating net revenues:			
Advice & Wealth Management	$ 6,599	$ 6,189	$ 5,616
Asset Management	2,913	3,011	3,072
Annuities	2,459	2,476	2,499
Protection	1,047	1,096	983
Corporate & Other	1,094	1,336	1,234
Less: Eliminations [1]	1,402	1,414	1,411
Total segment adjusted operating net revenues	12,710	12,694	11,993
Net realized gains (losses)	(6)	10	46
Revenue attributable to consolidated investment entities	88	127	94
Market impact on IUL benefits, net	—	(7)	1
Market impact of hedges on investments	(35)	11	(2)
Integration and restructuring charges	(3)	—	—
Gain on disposal of business	213	—	—
Total net revenues per consolidated statements of operations	$ 12,967	$ 12,835	$ 12,132

[1] Represents the elimination of intersegment revenues recognized for the years ended December 31, 2019, 2018 and 2017 in each segment as follows: Advice and Wealth Management ($924, $952 and $953, respectively); Asset Management ($55, $50 and $47, respectively); Annuities ($367, $356 and $351, respectively); Protection ($62, $61 and $62, respectively); and Corporate & Other ($(6), $(5) and $(2), respectively).

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Adjusted operating earnings:			
Advice & Wealth Management	$ 1,509	$ 1,389	$ 1,163
Asset Management	661	728	740
Annuities	497	496	629
Protection	261	255	256
Corporate & Other	(320)	(304)	(468)
Total segment adjusted operating earnings	2,608	2,564	2,320
Net realized gains (losses)	(4)	9	44
Net income (loss) attributable to consolidated investment entities	1	(1)	2
Market impact on variable annuity guaranteed benefits, net	(579)	(31)	(232)
Market impact on IUL benefits, net	(12)	(17)	4
Market impact on fixed annuity benefits	—	1	—
Mean reversion related impacts	57	(33)	83
Market impact of hedges on investments	(35)	11	(2)
Integration and restructuring charges	(17)	(19)	(5)
Gain on disposal of business	213	—	—
Pretax income per consolidated statements of operations	$ 2,232	$ 2,484	$ 2,214

29. Quarterly Financial Data (Unaudited)

	2019				2018			
	12/31	9/30	6/30	3/31	12/31	9/30	6/30	3/31
	(in millions, except per share data)							
Net revenues	$ 3,287	$ 3,317	$ 3,245	$ 3,118	$ 3,179	$ 3,292	$ 3,196	$ 3,168
Pretax income	534	641	587	470	652	588	548	696
Net income	463	543	492	395	539	503	462	594
Earnings per share:								
Basic	$ 3.59	$ 4.09	$ 3.61	$ 2.85	$ 3.81	$ 3.48	$ 3.14	$ 3.97
Diluted	$ 3.53	$ 4.04	$ 3.57	$ 2.82	$ 3.76	$ 3.43	$ 3.10	$ 3.91
Weighted average common shares outstanding:								
Basic	129.0	132.7	136.1	138.8	141.5	144.4	147.0	149.5
Diluted	131.3	134.5	138.0	140.1	143.2	146.5	149.0	152.1
Cash dividends declared per common share	$ 0.97	$ 0.97	$ 0.97	$ 0.90	$ 0.90	$ 0.90	$ 0.90	$ 0.83

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) designed to provide reasonable assurance that the information required to be reported in the Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in and pursuant to SEC regulations, including controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. It should be noted that, because of inherent limitations, our company's disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our company's Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable level of assurance as of December 31, 2019.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter of the year to which this report relates that have materially affected, or are reasonably likely to materially affect, our company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel 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 in the United States of America, and 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 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
- 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.

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, the Company's management used the criteria set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on management's assessment and those criteria, we believe that, as of December 31, 2019, the Company's internal control over financial reporting is effective.

PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2019.

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

The following portions of the Proxy Statement are incorporated herein by reference:

- information included under the caption "Item 1-Election of the Nine Director Nominees";
- information included under the caption "Voting Information-Requirements, Including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business by Shareholders";
- information under the caption "Corporate Governance-Corporate Governance Documents and Policies-Codes of Conduct";
- information under the caption "Corporate Governance-Director Nomination Process";
- information included under the caption "Corporate Governance-Committees of the Board-Membership on Board Committees";
- information included under the caption "Corporate Governance-Committees of the Board-Audit Committee";
- information included under the caption "Corporate Governance-Committees of the Board-Audit Committee Financial Experts"; and
- information under the caption "Section 16(a) Beneficial Ownership Reporting Compliance."

EXECUTIVE LEADERSHIP TEAM

Set forth below is a list of the members of our Executive Leadership Team as of the date this Annual Report on Form 10-K has been filed with the SEC. Also included in this list is John R. Hutt, our principal accounting officer. Each such person's age is indicated by the number in parentheses next to his or her name.

Each individual with an asterisk next to his or her name has been designated as an "executive officer" for purposes of the Exchange Act. None of the below individuals have any family relationship with any other member of the Executive Leadership Team or our principal accounting officer, and none of such individuals became a member of the Executive Leadership Team pursuant to any arrangement or understanding with any other person. Each executive officer has been elected to serve until the next annual election of officers or until his or her successor is elected and qualified.

***James M. Cracchiolo-Chairman and Chief Executive Officer, Ameriprise Financial**

Mr. Cracchiolo (61) has been our Chairman and Chief Executive Officer since September 2005 when the Company completed its spinoff from American Express. Prior to his current role, Mr. Cracchiolo held a number of senior-level positions at American Express, including group president of American Express Global Financial Services (2000 - 2005); CEO and president of American Express Financial Corporation (AEFC) (2000 - 2005) and chairman of AEFC (2001 - 2005); chairman of American Express Bank Ltd. (2000 - 2005); president and CEO of Travel Related Services International (TRS) (1998 - 2003); president of Global Network Services (1997 -1998); senior vice president of TRS Quality, Global Reengineering (1993 - 1997); and executive vice president and chief financial officer of Shearson Lehman Brothers (then a unit of American Express) (1990 -1993). In addition, Mr. Cracchiolo previously served on the boards of directors of the American Council of Life Insurers, the Financial Services Roundtable and on the board of advisors to the March of Dimes Foundation.

***Walter S. Berman-Executive Vice President and Chief Financial Officer**

Mr. Berman (77) has been our Executive Vice President and Chief Financial Officer since September 2005. Prior to that, Mr. Berman served as Executive Vice President and Chief Financial Officer of AEFC, a position he held since January 2003. From April 2001 to January 2004, Mr. Berman served as Corporate Treasurer of American Express.

Scott E. Couto-Head of North America

Mr. Couto (50) has been our Head of North America for Columbia Threadneedle Investments since February 2018. He was previously President of Fidelity Institutional Asset Management and held executive positions across distribution, product and marketing at Fidelity Investments. Mr. Couto joined Fidelity in 2009 from Evergreen Investments. Prior to that, he was with Liberty Funds, a predecessor fund family of Columbia. Mr. Couto received a degree in finance and investments from Babson College and holds the Chartered Financial Analyst (CFA) designation.

Kelli A. Hunter Petruzillo-Executive Vice President of Human Resources

Ms. Hunter Petruzillo (58) has been our Executive Vice President of Human Resources since September 2005. Prior to that, Ms. Hunter Petruzillo served as Executive Vice President of Human Resources of AEFC since joining our company in June 2005. Prior to joining AEFC, Ms. Hunter Petruzillo was Senior Vice President-Global Human Capital for Crown Castle International Corporation in Houston, Texas. Prior to that, she held a variety of senior level positions in human resources for Software Spectrum, Inc., Mary Kay, Inc., as well as Morgan Stanley Inc. and Bankers Trust New York Corporation.

***Karen Wilson Thissen-Executive Vice President and General Counsel**

Ms. Wilson Thissen (53) has been our Executive Vice President and General Counsel since January 2017. Prior to that, Ms. Wilson Thissen served as our Executive Vice President and Deputy General Counsel since January 2014 and in other positions within the Company since November 2004. Before joining the Company, Ms. Wilson Thissen was a partner at the law firm Faegre & Benson LLP (now Faegre Drinker Biddle & Reath).

***John R. Hutt-Senior Vice President-Corporate Finance, Controller (Principal Accounting Officer)**

Mr. Hutt (45) has been our Controller since June 2019 and Senior Vice President - Corporate Finance since August 2016. Prior to joining Ameriprise in 2006, Mr. Hutt held roles at KPMG LLP and RBC Capital Markets. He has a Bachelor of Science degree in Accounting from the University of Minnesota and an MBA from the University of Notre Dame. He holds Certified Public Accountant (CPA) - inactive and Chartered Financial Analyst (CFA) designations.

***Randy Kupper-Executive Vice President and Chief Information Officer**

Mr. Kupper (61) has been our Executive Vice President and Chief Information Officer since June 2012. Prior to that, Mr. Kupper had served as Executive Vice President-Applications Development since January 2010 and as Senior Vice President-Applications Development since November 2008. Prior to joining Ameriprise in 2008, he served as a Senior Vice President-Technology of U.S. Consumer and Small Business Services at American Express, where he spent approximately ten years holding leadership positions in the technologies organization.

Neal Maglaque-President-Advice & Wealth Management, Business Development and Chief Operating Officer

Mr. Maglaque (63) has been our President-Advice & Wealth Management, Business Development and Chief Operating Officer since June 2012. Prior to that time, Mr. Maglaque served as Executive Vice President and Advice & Wealth Management Chief Operating Officer since 2009, Senior Vice President-USAG Business Planning and Operations since 2006 and as Senior Vice President-Lead Financial Officer Enterprise Finance since 2005. Prior thereto, Mr. Maglaque held several leadership positions at American Express.

Deirdre D. McGraw-Executive Vice President-Marketing, Corporate Communications and Community Relations

Ms. McGraw (49) has been our Executive Vice President-Marketing, Corporate Communications and Community Relations since May 2014. Previously, Ms. McGraw served as Executive Vice President, Corporate Communications and Community Relations since February 2010. Prior to that, Ms. McGraw served as Senior Vice President-Corporate Communications and Community Relations since February 2007 and as Vice President-Corporate Communications since May 2006. Prior thereto, Ms. McGraw served as Vice President-Business Planning and Communications for the Group President, Global Financial Services at American Express.

***Colin Moore-Executive Vice President and Global Chief Investment Officer**

Mr. Moore (61) has been our Executive Vice President and Global Chief Investment Officer since June 2013. Mr. Moore also continues to serve as Chief Investment Officer-Columbia Management, a position he has held since 2010. Prior thereto, he was head of fixed income and liquidity strategies from 2009 to 2010. Mr. Moore joined Columbia Management in 2002 as head of equity and has been a member of the investment community since 1983.

Patrick H. O'Connell-Executive Vice President, Ameriprise Advisor Group

Mr. O'Connell (50) has been our Executive Vice President of the Ameriprise Advisor Group since February 2013. Prior to that, he was Senior Vice President for the employee advisor business in the eastern half of the United States and in other senior leadership positions within the company before that. Mr. O'Connell earned his M.B.A. and B.S. from Widener University.

Nick Ring-Chief Executive Officer, EMEA

Mr. Ring (54) has been our Chief Executive Officer, EMEA since September 2019. He was previously the Global Head of Distribution at Jupiter Asset Management, a UK-based fund management group, from September 2015 to August 2019. Prior to that, Mr. Ring worked at Columbia Threadneedle in various product and distribution roles from 2008 to 2014, including most recently as Global Head of Product in 2014. Mr. Ring has a LLB (Hons) degree from the University of Reading and held various roles at Northern Trust, KPMG, Gartmore Fund Managers and Prudential earlier in his career.

***Joseph E. Sweeney-President-Advice & Wealth Management, Products and Service Delivery**

Mr. Sweeney (58) has been our President-Advice & Wealth Management, Products and Service Delivery since June 2012. Prior to that time, Mr. Sweeney served as President-Advice and Wealth Management, Products and Services since May 2009 and as President-Financial Planning, Products and Services since 2005. Prior to that, Mr. Sweeney served as Senior Vice President and General Manager of Banking, Brokerage and Managed Products of AEFC since April 2002. Prior thereto, he served as Senior Vice President and Head, Business Transformation, Global Financial Services of American Express from March 2001 until April 2002. Mr. Sweeney is currently on the board of directors of the Securities Industry and Financial Markets Association.

***William F. Truscott-CEO-Global Asset Management**

Mr. Truscott (59) has been our CEO - Global Asset Management since September 2012. Prior to that time, Mr. Truscott had served as CEO - U.S. Asset Management and President, Annuities since May 2010, as President - U.S. Asset Management, Annuities and Chief Investment Officer since February 2008 and as President - U.S. Asset Management and Chief Investment Officer since September 2005. Prior to that, Mr. Truscott served as Senior Vice President and Chief Investment Officer of AEFC, a position he held since he joined the company in September 2001.

Bill Williams-Executive Vice President, Ameriprise Franchise Group

Bill Williams (52) has been our Executive Vice President, Ameriprise Franchise Group since February 2013. Mr. Williams joined Ameriprise in 1989 as an advisor. Mr. Williams has held a number of management roles within Ameriprise before assuming his current position. Williams is a graduate of Bentley University with a BA in Finance.

***John R. Woerner-President-Insurance & Annuities and Chief Strategy Officer**

Mr. Woerner (50) has been our President - Insurance and Annuities and Chief Strategy Officer since September 2012. Prior to that time, he served as President - Insurance and Chief Strategy Officer since February 2008 and, as Senior Vice President - Strategy and Business Development since September 2005. Prior to that, Mr. Woerner served as Senior Vice President - Strategic Planning and Business Development of AEFC since March 2005. Prior to joining AEFC, Mr. Woerner was a Principal at McKinsey & Co., where he spent approximately ten years serving leading U.S. and European financial services firms, and co-led McKinsey's U.S. Asset Management Practice.

CORPORATE GOVERNANCE

We have adopted a set of Corporate Governance Principles and Categorical Standards of Director Independence which, together with the charters of the three standing committees of the Board of Directors (Audit; Compensation and Benefits; and Nominating and Governance) and our Code of Conduct (which constitutes the Company's code of ethics), provide the framework for the governance of our company. A complete copy of our Corporate Governance Principles and Categorical Standards of Director Independence, the charters of each of the Board committees, the Code of Conduct (which applies not only to our Chief Executive Officer, Chief Financial Officer and Controller, but also to all other employees of our company) and the Code of Business Conduct for the Members of the Board of Directors may be found by clicking the "Corporate Governance" link found on our Investor Relations website at ir.ameriprise.com. You may also access our Investor Relations website through our main website at ameriprise.com by clicking on the "Investor Relations" link, which is located at the bottom of the page. (Information from such sites is not incorporated by reference into this report.) You may also obtain free copies of these materials by writing to our Corporate Secretary at our principal executive offices.

Item 11. Executive Compensation

The following portions of the Proxy Statement are incorporated herein by reference:

- information under the caption "Corporate Governance-Compensation and Benefits Committee-Compensation Committee Interlocks and Insider Participation";
- information included under the caption "Compensation of Executive Officers"; and
- information included under the caption "Compensation of Directors."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights		(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) – shares	
Equity compensation plans approved by security holders	8,372,180	(1)	$ 122.13	10,275,765	
Equity compensation plans not approved by security holders	2,907,561	(2)	$ 47.50	6,392,860	(3)
Total	11,279,741		$ 122.12	16,668,625	

(1) Includes 2,079,969 share units subject to vesting per the terms of the applicable plan which could result in the issuance of common stock. As the terms of these share based awards do not provide for an exercise price, they have been excluded from the weighted average exercise price in column B.

(2) Includes 2,906,715 share units subject to vesting per the terms of the applicable plans which could result in the issuance of common stock. As the terms of these share based awards do not provide for an exercise price, they have been excluded from the weighted average exercise price in column B. For additional information on the Company's equity compensation plans see Note 20 — Share-Based Compensation to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K. The non-shareholder approved plans consist of the Ameriprise Financial 2008 Employment Incentive Equity Award Plan, the Ameriprise Advisor Group Deferred Compensation Plan and the Ameriprise Financial Franchise Advisor Deferred Compensation Plan.

(3) Consists of 3,258,635 shares of common stock issuable under the terms of the Ameriprise Financial 2008 Employment Incentive Equity Award Plan, 1,536,036 shares of common stock issuable under the Ameriprise Advisor Group Deferred Compensation Plan, and 1,598,189 shares of common stock issuable under the Ameriprise Financial Franchise Advisor Deferred Compensation Plan.

Descriptions of our equity compensation plans can be found in Note 20 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. Information concerning the market for our common shares and our shareholders can be found in Part II, Item 5 of this Annual Report on Form 10-K. The information included under the caption "Ownership of Our Common Shares" in the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information under the captions "Corporate Governance-Director Independence," "Corporate Governance-Categorical Standards of Director Independence," "Corporate Governance-Independence of Committee Members" and "Certain Transactions" in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information set forth under the heading "Items to be Voted on by Shareholders-Item 3-Ratification of the Audit Committee's Selection of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2020, "-Independent Registered Public Accounting Firm Fees"; "-Services to Associated Organizations"; and "-Policy on Pre-Approval of Services Provided by Independent Registered Public Accounting Firm," in the Proxy Statement is incorporated herein by reference.

PART IV.

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements:
The information required herein has been provided in Item 8, which is incorporated herein by reference.

2. Financial schedules required to be filed by Item 8 of this form, and by Item 15(b):
Schedule I-Condensed Financial Information of Registrant (Parent Company Only)

Condensed Statements of Operations – December 31, 2019, 2018 and 2017	179
Condensed Balance Sheets - December 31, 2019 and 2018	180
Condensed Statements of Cash Flows – December 31, 2019, 2018 and 2017	181
Notes to Condensed Financial Information of Registrant	182

All other financial schedules are not required under the related instructions, or are inapplicable and therefore have been omitted.

3. Exhibits:

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Annual Report on Form 10-K. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

The following exhibits are filed as part of this Annual Report on Form 10-K. The exhibit numbers followed by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference. Exhibits numbered 10.2 through 10.23 are management contracts or compensation plans or arrangements.

Exhibit	Description
3.1	Amended Restated Certificate of Incorporation of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, File No. 1-32525, filed on May 1, 2014).
3.2	Amended and Restated Bylaws of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, File No. 1-32525, filed on October 5, 2018).
4.1*	Description of Securities.
4.2	Form of Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to Form 10 Registration Statement, File No. 1-32525, filed on August 19, 2005).
	Other instruments defining the rights of holders of long-term debt securities of the registrant are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The registrant agrees to furnish copies of these instruments to the SEC upon request.
4.3	Indenture dated as of October 5, 2005, between Ameriprise Financial, Inc. and U.S. Bank National Association, trustee (incorporated by reference to Exhibit 4(a) to the Registration Statement on Form S-3, File No. 333-128834, filed on October 5, 2005).
4.4	Indenture dated as of May 5, 2006, between Ameriprise Financial, Inc. and U.S. Bank National Association, trustee (incorporated by reference to Exhibit 4.A to the Registration Statement on Form S-3ASR, File No. 333-133860, filed on May 5, 2006).
4.5	Junior Subordinated Debt Indenture, dated as of May 5, 2006, between Ameriprise Financial, Inc. and U.S. Bank National Association, trustee (incorporated by reference to Exhibit 4.C to the Registration Statement on Form S-3ASR, File No. 333-133860, filed on May 5, 2006).
4.6	Subordinated Debt Indenture, dated as of May 5, 2006, between Ameriprise Financial, Inc. and U.S. Bank National Association, trustee (incorporated by reference to Exhibit 4.B to the Registration Statement on Form S-3ASR, File No. 333-133860, filed on May 5, 2006).
10.1	Tax Allocation Agreement by and between American Express and Ameriprise Financial, Inc., dated as of September 30, 2005 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, File No. 1-32525, filed on October 4, 2005).
10.2	Ameriprise Financial 2005 Incentive Compensation Plan, as amended and restated effective April 30, 2014 (incorporated by reference to Exhibit B to the Proxy Statement for the Annual Meeting of Shareholders held on April 30, 2014, File No. 001-32525, filed on March 17, 2014).
10.3	Ameriprise Financial Deferred Compensation Plan, as amended and restated effective January 1, 2012 (incorporated by reference to Exhibit 10.3 of the Annual Report on Form 10-K, File No. 1-32525, filed on February 24, 2012).

Exhibit	Description
10.4	Ameriprise Financial Supplemental Retirement Plan, as amended and restated effective October 3, 2017 (incorporated by reference to Exhibit 10.4 of the Annual Report on Form 10-K, File No. 1-32525, filed on February 23, 2018).
10.5	Form of Ameriprise Financial 2005 Incentive Compensation Plan Master Agreement for Substitution Awards (incorporated by reference to Exhibit 10.8 to Amendment No. 2 to Form 10 Registration Statement, File No. 1-32525, filed on August 15, 2005).
10.6	Ameriprise Financial Form of Award Certificate — Non-Qualified Stock Option Award (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K, File No. 1-32525, filed on October 4, 2005).
10.7	Ameriprise Financial Form of Award Certificate — Restricted Stock Award (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K, File No. 1-32525, filed on October 4, 2005).
10.8	Ameriprise Financial Form of Award Certificate — Restricted Stock Unit Award (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K, File No. 1-32525, filed on October 4, 2005).
10.9	Ameriprise Financial Form of Agreement — Cash Incentive Award (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K, File No. 1-32525, filed on October 4, 2005).
10.10	Ameriprise Financial Long-Term Incentive Award Program Guide (incorporated by reference to Exhibit 10.10 of the Annual Report on Form 10-K, File No. 1-32525, filed on February 23, 2017).
10.11	Ameriprise Financial Performance Cash Unit Plan Supplement to the Long Term Incentive Award Program Guide (incorporated by reference to Exhibit 10.11 of the Annual Report on Form 10-K, File No. 1-32525, filed on February 27, 2019).
10.12	Ameriprise Financial Form of Award Certificate — Performance Cash Unit Plan Award (incorporated by reference to Exhibit 10.12 of the Annual Report on Form 10-K File No. 1-32525, filed on February 25, 2016).
10.13	Ameriprise Financial Performance Share Unit Plan Supplement to the Long-Term Incentive Award Program Guide (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q, File No. 1-32525, filed on May 2, 2011).
10.14	Ameriprise Financial Form of Award Certificate — Performance Share Unit Plan Award (incorporated by reference to Exhibit 10.14 of the Annual Report on Form 10-K File No. 1-32525, filed on February 25, 2016).
10.15	Ameriprise Financial Deferred Share Plan for Outside Directors, as amended and restated effective December 3, 2014 (incorporated by reference to Exhibit 10.15 of the Annual Report on Form 10-K File No. 1-32525, filed on February 24, 2015).
10.16	CEO Security and Compensation Arrangements (incorporated by reference to Item 1.01 of the Current Report on Form 8-K, File No. 1-32525, filed on October 31, 2005).
10.17	Ameriprise Financial Senior Executive Severance Plan, as amended and restated effective January 1, 2012 (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K, File No. 1-32525, filed on February 24, 2012).
10.18	Restricted Stock Awards in lieu of Key Executive Life Insurance Program (incorporated by reference to Item 1.01 of the Current Report on Form 8-K, File No. 1-32525, filed on November 18, 2005).
10.19	Ameriprise Financial Annual Incentive Award Plan, adopted effective as of September 30, 2005 (incorporated by reference to Exhibit 10.28 of the Annual Report on Form 10-K, File No. 1-32525, filed on March 8, 2006).
10.20	Form of Indemnification Agreement for directors, Chief Executive Officer, Chief Financial Officer, General Counsel and Principal Accounting Officer and any other officers designated by the Chief Executive Officer (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, File No. 1-32525, filed on April 26, 2012).
10.21	Ameriprise Financial 2008 Employment Incentive Equity Award Plan, as amended and restated effective November 20, 2018 (incorporated by reference to Exhibit 10.21 of the Annual Report on Form 10-K, File Co. 1-32525, filed on February 27, 2019).
10.22	Ameriprise Advisor Group Deferred Compensation Plan, as amended and restated effective January 1, 2016 (incorporated by reference to Exhibit 10.23 of the Annual Report on Form 10-K File No. 1-32525, filed on February 25, 2016).
10.23	Ameriprise Financial Annual Incentive Award Plan, as amended and restated as of January 1, 2009 (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q, File No. 1-32525, filed on May 2, 2018).
10.24	Third Amended and Restated Credit Agreement, dated as of October 12, 2017, among Ameriprise Financial, Inc., as Borrower, the lenders party thereto, Wells Fargo Bank, National Association as Administrative Agent, Swingline Lender and Issuing Lender, Bank of America, N.A. and Citibank, N.A. as Co-Syndication Agents, Credit Suisse AG, Cayman Islands Branch, Goldman Sachs Bank USA, HSBC Bank USA, National Association, JPMorgan Chase Bank, N.A. and U.S. Bank National Association as Co-Documentation Agents, and Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, and Citigroup Global Markets Inc., as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, File No. 1-32525, filed on October 16, 2017).
13*	Portions of the Ameriprise Financial, Inc. 2019 Annual Report to Shareholders, which, except for those sections incorporated herein by reference, are furnished solely for the information of the SEC and are not to be deemed "filed."

Exhibit	Description
21*	Subsidiaries of Ameriprise Financial, Inc.
23*	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
24	Powers of attorney (included on Signature Page).
31.1*	Certification of James M. Cracchiolo pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Walter S. Berman pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32*	Certification of James M. Cracchiolo and Walter S. Berman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Ameriprise Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2019, 2018 and 2017; (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017; (iii) Consolidated Balance Sheets at December 31, 2019 and 2018; (iv) Consolidated Statements of Equity for the years ended December 31, 2019, 2018 and 2017; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017; (vi) Notes to the Consolidated Financial Statements; and (vii) Schedule I - Condensed Financial Information of Registrant (Parent Only).
104	The cover page from Ameriprise Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019 is formatted in iXBRL and contained in Exhibit 101.

** Filed electronically herewithin.*

Item 16. Form 10-K Summary

None.

Signatures

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.

AMERIPRISE FINANCIAL, INC.
Registrant

Date: February 26, 2020

By /s/ Walter S. Berman

Walter S. Berman Executive Vice President and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of the undersigned directors and officers of Ameriprise Financial, Inc., a Delaware corporation, does hereby make, constitute and appoint James M. Cracchiolo, Walter S. Berman and Karen Wilson Thissen, and each of them, the undersigned's true and lawful attorneys-in-fact, with power of substitution, for the undersigned and in the undersigned's name, place and stead, to sign and affix the undersigned's name as such director and/or officer of said corporation to an Annual Report on Form 10-K or other applicable form, and all amendments thereto, to be filed by such corporation with the Securities and Exchange Commission, Washington, D.C., under the Securities Exchange Act of 1934, as amended, with all exhibits thereto and other supporting documents, with said Commission, granting unto said attorneys-in-fact, and any of them, full power and authority to do and perform any and all acts necessary or incidental to the performance and execution of the powers herein expressly granted.

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 capacity and on the dates indicated.

Date: February 26, 2020

By /s/ James M. Cracchiolo

James M. Cracchiolo Chairman and Chief Executive Officer
(Principal Executive Officer and Director)

Date: February 26, 2020

By /s/ Walter S. Berman

Walter S. Berman Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Date: February 26, 2020

By /s/ John R. Hutt

John R. Hutt
Senior Vice President and Controller (Principal Accounting Officer)

Date: February 26, 2020

By /s/ Dianne Neal Blixt

Dianne Neal Blixt
Director

Date: February 26, 2020

By /s/ Amy DiGeso

Amy DiGeso
Director

Date: February 26, 2020

By /s/ Lon R. Greenberg

Lon R. Greenberg
Director

Date: February 26, 2020

By /s/ Jeffrey Noddle

Jeffrey Noddle
Director

Date:	February 26, 2020	By /s/ Robert F. Sharpe, Jr. Robert F. Sharpe, Jr. Director
Date:	February 26, 2020	By /s/ Brian T. Shea Brian T. Shea Director
Date:	February 26, 2020	By /s/ W. Edward Walter W. Edward Walter Director
Date:	February 26, 2020	By /s/ Christopher J. Williams Christopher J. Williams Director

Schedule I - Condensed Financial Information of Registrant

(Parent Company Only)

Condensed Statements of Operations	179
Condensed Balance Sheets	180
Condensed Statements of Cash Flows	181
Notes to Condensed Financial Information of Registrant	182

Schedule I — Condensed Financial Information of Registrant
Condensed Statements of Operations
(Parent Company Only)

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Revenues			
Management and financial advice fees	$ (1)	$ (1)	$ (1)
Net investment income	9	34	11
Other revenues	14	4	8
Gain on disposal of business	213	—	—
Total revenues	235	37	18
Banking and deposit interest expense	9	7	5
Total net revenues	226	30	13
Expenses			
Benefits, claims, losses and settlement expenses	49	4	76
Distribution expenses	24	4	18
Interest and debt expense	126	120	116
General and administrative expense	244	210	246
Total expenses	443	338	456
Pretax loss before equity in earnings of subsidiaries	(217)	(308)	(443)
Income tax benefit	(38)	(73)	(47)
Loss before equity in earnings of subsidiaries	(179)	(235)	(396)
Equity in earnings of subsidiaries	2,072	2,333	1,876
Net income	1,893	2,098	1,480
Other comprehensive income (loss), net of tax	553	(519)	29
Total comprehensive income	$ 2,446	$ 1,579	$ 1,509

See Notes to Condensed Financial Information of Registrant.

Schedule I — Condensed Financial Information of Registrant
Condensed Balance Sheets
(Parent Company Only)

	December 31,	
	2019	2018
	(in millions, except share amounts)	
Assets		
Cash and cash equivalents	$ 730	$ 476
Investments	1,430	467
Loans to subsidiaries	361	372
Due from subsidiaries	305	288
Receivables	5	5
Land, buildings, equipment, and software, net of accumulated depreciation of $952 and $1,168, respectively	207	237
Investments in subsidiaries	6,665	7,231
Other assets	1,136	1,209
Total assets	$ 10,839	$ 10,285
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued expenses	$ 797	$ 636
Due to subsidiaries	137	146
Borrowings from subsidiaries	401	346
Long-term debt	3,097	2,867
Other liabilities	678	702
Total liabilities	5,110	4,697
Shareholders' Equity:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 329,842,827 and 328,537,214, respectively)	3	3
Additional paid-in capital	8,461	8,260
Retained earnings	14,279	12,909
Treasury shares, at cost (205,903,593 and 192,206,467 shares, respectively)	(17,276)	(15,293)
Accumulated other comprehensive income (loss), net of tax, including amounts applicable to equity investments in subsidiaries	262	(291)
Total shareholders' equity	5,729	5,588
Total liabilities and equity	$ 10,839	$ 10,285

See Notes to Condensed Financial Information of Registrant.

Schedule I — Condensed Financial Information of Registrant
Condensed Statements of Cash Flows
(Parent Company Only)

	Years Ended December 31,		
	2019	2018	2017
	(in millions)		
Cash Flows from Operating Activities			
Net income	$ 1,893	$ 2,098	$ 1,480
Equity in earnings of subsidiaries	(2,072)	(2,333)	(1,876)
Dividends received from subsidiaries	2,721	2,093	1,589
Gain on disposal of business before affinity partner payment	(313)	—	—
Other operating activities, primarily with subsidiaries	596	57	712
Net cash provided by operating activities	2,825	1,915	1,905
Cash Flows from Investing Activities			
Available-for-Sale securities:			
Maturities, sinking fund payments and calls	204	94	44
Purchases	(1,153)	(222)	(77)
Proceeds from sale of other investments	6	—	3
Purchase of other investments	(12)	—	—
Purchase of land, buildings, equipment and software	(42)	(62)	(69)
Proceeds from disposal of business	1,138	—	—
Contributions to subsidiaries	(368)	(73)	(79)
Return of capital from subsidiaries	18	454	47
Repayment of loans to subsidiaries	2,468	1,623	1,277
Issuance of loans to subsidiaries	(2,457)	(1,768)	(1,337)
Other, net	(65)	2	(91)
Net cash provided by investing activities	(263)	48	(282)
Cash Flows from Financing Activities			
Dividends paid to shareholders	(504)	(506)	(491)
Repurchase of common shares	(1,943)	(1,630)	(1,485)
Cash paid for purchased options with deferred premiums	(107)	(20)	(19)
Issuance of long-term debt, net of issuance costs	497	—	—
Repayments of long-term debt	(313)	(13)	(11)
Borrowings from subsidiaries	132	472	124
Repayments of borrowings from subsidiaries	(79)	(273)	(15)
Exercise of stock options	3	2	15
Other, net	6	(13)	(1)
Net cash used in financing activities	(2,308)	(1,981)	(1,883)
Net increase (decrease) in cash and cash equivalents	254	(18)	(260)
Cash and cash equivalents at beginning of year	476	494	754
Cash and cash equivalents at end of year	$ 730	$ 476	$ 494
Supplemental Disclosures:			
Interest paid on debt	$ 123	$ 126	$ 128
Income taxes paid (received), net	(109)	(27)	(368)
Non-cash dividends from subsidiaries	81	195	109

See Notes to Condensed Financial Information of Registrant.

Schedule I — Condensed Financial Information of Registrant

Notes to Condensed Financial Information of Registrant (Parent Company Only)

1. Basis of Presentation

The accompanying Condensed Financial Statements include the accounts of Ameriprise Financial, Inc. (the "Parent Company") and, on an equity basis, its subsidiaries and affiliates. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The financial information of the Parent Company should be read in conjunction with the Consolidated Financial Statements and Notes of Ameriprise Financial. Parent Company revenues and expenses, other than compensation and benefits and debt and interest expense, are primarily related to intercompany transactions with subsidiaries and affiliates.

The change in the fair value of derivative instruments used as hedges is reflected in the Parent Company Only Condensed Statements of Operations. For certain of these derivatives, the change in the hedged item is reflected in the subsidiaries' Statements of Operations. The change in fair value of certain derivatives used to economically hedge risk related to GMWB provisions is included in benefits, claims, losses and settlement expenses, while the underlying benefits, claims, losses and settlement expenses are reflected in equity in earnings of subsidiaries.

2. Investments

In December 2018, the Parent Company invested in the residual tranche of an asset backed security structure issued by Ameriprise Advisor Financing, LLC, a subsidiary of the Parent Company. The asset backed securities are collateralized by a portfolio of loans issued to advisors affiliated with AFS, a subsidiary of the Parent Company. The fair value of the residual tranche was $94 million and $90 million as of December 31, 2019 and 2018, respectively, and is reported in Investments on the Parent Company's Condensed Balance Sheets. For the year ended December 31, 2019, interest income was $6 million and is reported in Net investment income on the Parent Company's Condensed Statements of Operations.

3. Debt

All of the debt of Ameriprise Financial is borrowings of the Parent Company, except as indicated below.

- As of December 31, 2018, the debt of Ameriprise Financial included $50 million of repurchase agreements, which were accounted for as secured borrowings.
- As of December 31, 2019 and 2018, Ameriprise Financial had $200 million and $150 million, respectively, of borrowings from the Federal Home Loan Bank of Des Moines, which is collateralized with commercial mortgage backed securities and residential mortgage backed securities.

4. Borrowings from Subsidiaries

The Parent Company has intercompany lending arrangements with its subsidiaries. At the end of each business day, taking into consideration all legal and regulatory requirements associated with its subsidiaries, the Parent Company is entitled to draw on all funds in specified bank accounts. Repayment of all or a portion of the funds is due on demand. The Parent Company also has revolving credit agreements with its subsidiaries as the borrower aggregating $1.3 billion and $1.2 billion as of December 31, 2019 and 2018, respectively, of which $50 million and nil was outstanding as of December 31, 2019 and 2018, respectively.

5. Guarantees, Commitments and Contingencies

The Parent Company is the guarantor for operating leases of certain subsidiaries. All consolidated legal, regulatory and arbitration proceedings, including class actions of Ameriprise Financial, Inc. and its consolidated subsidiaries are potential or current obligations of the Parent Company. The Parent Company has committed revolving credit agreements with its subsidiaries as the lender aggregating $364 million as of December 31, 2019.

The Parent Company and Ameriprise Certificate Company ("ACC") entered into a Capital Support Agreement on March 2, 2009, pursuant to which the Parent Company agrees to commit such capital to ACC as is necessary to satisfy applicable minimum capital requirements. Effective April 30, 2014, this agreement was amended to revise the maximum commitment to $50 million. For the years ended December 31, 2019, 2018 and 2017, ACC did not draw upon the Capital Support Agreement and had met all applicable capital requirements.

Ameriprise Financial Services, LLC ("AFS") (previously Ameriprise Financial Services, Inc.) entered into a FINRA approved subordinated loan agreement with the Parent Company on December 15, 2014 for regulatory net capital purposes. The agreement consists of a $200 million secured demand note. The note is secured by cash and securities equal to the principal value of the note pledged by the Parent Company. For the year ended December 31, 2019, AFS had not made a demand of the principal amount.

Ameriprise Enterprise Investment Services, Inc. ("AEIS") entered into a FINRA approved subordinated loan agreement with the Parent Company on January 25, 2017 for regulatory net capital purposes. Under this agreement, AEIS borrowed $60 million from the Parent Company with an initial term of five years to be repaid no later than January 22, 2022. Both companies have the option to renew the agreement in one year increments in perpetuity.

Exhibit 4.1

DESCRIPTION OF SECURITIES

The following summary of the general terms and provisions of the capital stock of Ameriprise Financial, Inc. (the "Company") does not purport to be complete and is subject to and qualified by reference to the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Bylaws, as amended and restated (the "Bylaws," and together with the Certificate of Incorporation, the "Charter Documents"), each of which is incorporated herein by reference and included as an exhibit to the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. For additional information, please read the Charter Documents and the applicable provisions of the Delaware General Corporation Law (the "DGCL").

Capital Stock

The Company is authorized to issue up to 1,275,000,000 shares, of which 1,250,000,000 shares have been designated common stock, par value $0.01 per share ("Common Stock"), and 25,000,000 shares have been designated preferred stock, par value $0.01 per share ("Preferred Stock"). The Common Stock is the only class of the Company's securities registered under Section 12 of the Securities Exchange Act of 1934, as amended.

Voting Rights

The holders of shares of Common Stock have the exclusive power to vote on all matters presented to the Company's stockholders unless Delaware law or the certificate of designation for an outstanding series of Preferred Stock gives the holders of that series of Preferred Stock the right to vote on certain matters.

Each holder of shares of Common Stock is entitled to one vote per share.

The holders of Common Stock may not cumulate their votes when voting for directors, which means that a holder cannot cast more than one vote per share for each director. Accordingly, the holders of a majority of the outstanding shares of Common Stock entitled to vote in any election of directors can elect all of the directors standing for election, if they choose, other than any directors that holders of any series of Preferred Stock may be entitled to elect.

Dividend Rights

Subject to any preferential rights of any Preferred Stock then outstanding, the holders of shares of Common Stock are entitled to receive dividends out of funds legally available, when and if declared by the Company's board of directors. As a holding company, our ability to pay dividends is affected by the ability of our subsidiaries to pay dividends to us. Applicable insurance laws restrict the payment of dividends that our insurance subsidiaries can pay to us.

Liquidation Rights

Upon any liquidation, dissolution, or winding up of the Company, voluntarily or involuntarily, after the payment in full of all amounts to which the holders of shares of any series of Preferred Stock are entitled, the remaining assets of the Company to be distributed to the holders of the stock of the Company shall be distributed ratably among the holders of the shares of Common Stock.

No Preemptive Rights

The holders of Common Stock have no preemptive rights to subscribe to any additional issuances of Common Stock or any securities of the Company convertible into Common Stock.

Forum Selection

Unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is, to the fullest extent permitted by law, the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Company, (2) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Company to the Company or its stockholders, (3) any action asserting a claim arising pursuant to any provision of the DGCL or the Charter Documents, or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (4) any action asserting a claim governed by the internal-affairs doctrine.

Anti-Takeover Provisions

The Charter Documents and the DGCL contain certain provisions that may discourage an unsolicited takeover of the Company or make an unsolicited takeover of the Company more difficult. The following are some of the more significant anti-takeover provisions that are applicable to the Company:

Delaware Anti-Takeover Law

In general, Section 203 of the DGCL prohibits a Delaware corporation with a class of voting stock listed on a national securities exchange or held of record by 2,000 or more stockholders from engaging in a "Business Combination" (as defined below) with an "Interested Stockholder" (as defined below) for a three-year period following the time that the stockholder becomes an interested stockholder, unless the Business Combination is approved in a prescribed manner. A Business Combination includes, among other things, a merger, asset or stock sale, or other transaction resulting in a financial benefit to the Interested Stockholder. An Interested Stockholder is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of Interested Stockholder status, 15% or more of the corporation's voting stock. Under Section 203, a Business Combination between a corporation and an Interested Stockholder is prohibited for three years unless it satisfies one of the following conditions:

- Before the stockholder became an Interested Stockholder, the Board of Directors approved either the Business Combination or the transaction which resulted in the stockholder becoming an Interested Stockholder;
- Upon consummation of the transaction that resulted in the stockholder becoming an Interested Stockholder, the Interested Stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or
- At or after the time the stockholder became an Interested Stockholder, the Business Combination was approved by the Board of Directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the Interested Stockholder.

The DGCL permits a corporation to opt out of, or choose not to be governed by, its anti-takeover statute by expressly stating so in its original certificate of incorporation (or subsequent amendment to its certificate of incorporation or bylaws approved by its stockholders). The Certificate of Incorporation does not contain a provision opting out of the application of Section 203 of the DGCL; therefore, the Company is subject to the anti-takeover statute.

Authority of the Board of Directors

Pursuant to the Certificate of Incorporation, the Company's board of directors, without action by the stockholders, may issue up to 25,000,000 shares of undesignated Preferred Stock with voting or other rights or preferences as designated by our board of directors.

In addition, the Company's board of directors has the right to fill vacancies of the board of directors (including a vacancy created by an increase in the size of the board of directors).

Requirements for Advance Notification of Stockholder Nominations and Proposals

The Bylaws establish advance-notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors.

Special Meetings of Stockholders

The Bylaws provide that a special meeting of stockholders may be called only by the Company's board of directors or by the chairman of the board or the chief executive officer.

No Written Consent of Stockholders

The Charter Documents provide that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting and that stockholders may not take any action by written consent in lieu of a meeting.

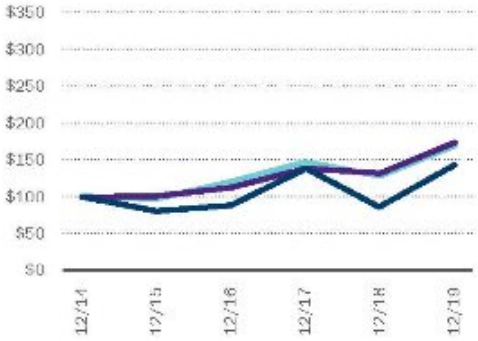
Listing

The Common Stock is currently traded on the New York Stock Exchange under the symbol "AMP."

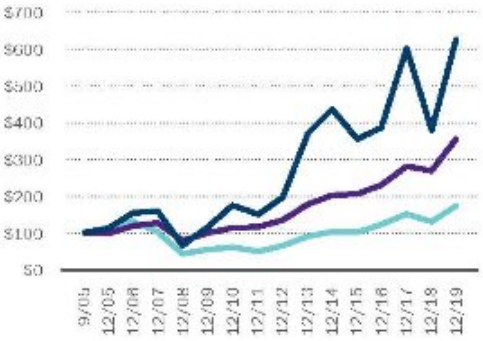
Performance Graph

The graphs below match Ameriprise Financial, Inc.'s cumulative total shareholder return on common stock with the cumulative total returns of the S&P 500 Index and the S&P 500 Financials Index for two time periods: five years and since Ameriprise Financial became an independent, public company in 2005. The graphs track the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) to Dec. 31, 2019.

Comparison of a five-year cumulative total return*
Ameriprise Financial, Inc., the S&P 500 Index and the S&P 500 Financials Index



Comparison of cumulative shareholder return since becoming an independent, public company*
Ameriprise Financial, Inc., the S&P 500 Index and the S&P 500 Financials Index



Ameriprise Financial, Inc. S&P 500 Index S&P 500 Financials Index

*$100 invested on Dec. 31, 2014 and Oct. 1, 2005 in stock or index, including reinvestment of dividends.

Fiscal year ending Dec. 31.

The Standard & Poor's 500 Index (S&P 500® Index), an unmanaged index of common stocks, is frequently used as a general measure of market performance. The Index reflects reinvestment of all distributions and changes in market prices, but excludes brokerage commissions or other fees. The S&P 500 Financials Index measures the performance of financial components of the S&P 500 Index.

Past performance does not guarantee future results. It is not possible to invest directly in an index.

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The table below is a list of certain direct and indirect subsidiaries of the Parent as of December 31, 2019, and the state or jurisdiction in which the subsidiaries are organized. Pursuant to Item 601(b)(21)(ii) of Regulation S-K, certain subsidiaries of the Parent have been omitted from this list because, considered in the aggregate as a single subsidiary, such subsidiaries would not constitute a "significant subsidiary" as that term is defined in Rule 1-02(w) of Regulation S-X.

Subsidiary Name	Incorp State
Ameriprise Certificate Company	DE
Ameriprise International Holdings GmbH	Switzerland
Ameriprise Asset Management Holdings GmbH	Switzerland
Threadneedle Asset Management Holdings Sàrl	Luxembourg
Ameriprise Bank, FSB	Federal
Ameriprise Trust Company	MN
AMPF Holding Corporation	MI
American Enterprise Investment Services Inc.	MN
Ameriprise Financial Services, Inc.	DE
Columbia Management Investment Advisers, LLC	MN
Lionstone Partners, LLC	TX
J. & W. Seligman & Co. Incorporated	DE
Columbia Management Investment Distributors, Inc.	DE
Columbia Management Investment Services Corp.	MN
RiverSource Distributors, Inc	DE
RiverSource Life Insurance Company	MN
RiverSource Life Insurance Co. of New York	NY

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-223309) and on Form S-8 (Nos. 333-128789, 333-195690, 333-128790, 333-156074, 333-128791, 333-150677, 333-181008, 333-219786, 333-156075 and 333-159025) of Ameriprise Financial, Inc. of our report dated February 26, 2020 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 26, 2020

Exhibit 31.1

AMERIPRISE FINANCIAL, INC.

CERTIFICATION

I, James M. Cracchiolo, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ameriprise Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

By /s/ James M. Cracchiolo

James M. Cracchiolo
Chief Executive Officer

Exhibit 31.2

AMERIPRISE FINANCIAL, INC.

CERTIFICATION

I, Walter S. Berman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Ameriprise Financial, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

By /s/ Walter S. Berman

Walter S. Berman Chief Financial Officer

Exhibit 32

AMERIPRISE FINANCIAL, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Ameriprise Financial, Inc. (the "Company") for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James M. Cracchiolo, as Chief Executive Officer of the Company, and Walter S. Berman as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2020

By /s/ James M. Cracchiolo
James M. Cracchiolo
Chief Executive Officer

Date: February 26, 2020

By /s/ Walter S. Berman
Walter S. Berman Chief Financial Officer

Public Exhibit 2

Ameriprise Quarterly Report and Form 10-Q as of March 31, 2021

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

FORM 10-Q

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

For the Quarterly Period Ended March 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 No. 1-32525

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3180631**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1099 Ameriprise Financial Center	**Minneapolis**	**Minnesota**	**55474**
(Address of principal executive offices)			(Zip Code)

Registrant's telephone number, including area code: **(612) 671-3131**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock (par value $.01 per share)	AMP	New York Stock Exchange

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at April 30, 2021**
Common Stock (par value $.01 per share)	115,904,879 shares

FORM 10-Q

INDEX

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

Consolidated Statements of Operations — Three months ended March 31, 2021 and 2020	3
Consolidated Statements of Comprehensive Income — Three months ended March 31, 2021 and 2020	4
Consolidated Balance Sheets — March 31, 2021 and December 31, 2020	5
Consolidated Statements of Equity — Three months ended March 31, 2021 and 2020	6
Consolidated Statements of Cash Flows — Three months ended March 31, 2021 and 2020	7
Notes to Consolidated Financial Statements	
1. Basis of Presentation	9
2. Recent Accounting Pronouncements	9
3. Revenue from Contracts with Customers	12
4. Variable Interest Entities	15
5. Investments	20
6. Financing Receivables	24
7. Deferred Acquisition Costs and Deferred Sales Inducement Costs	28
8. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities	28
9. Variable Annuity and Insurance Guarantees	29
10. Debt	31
11. Fair Values of Assets and Liabilities	31
12. Offsetting Assets and Liabilities	40
13. Derivatives and Hedging Activities	41
14. Shareholders' Equity	45
15. Income Taxes	46
16. Contingencies	47
17. Earnings per Share	48
18. Segment Information	49
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	51
Item 3. Quantitative and Qualitative Disclosures About Market Risk	70
Item 4. Controls and Procedures	71
Part II. Other Information	71
Item 1. Legal Proceedings	71
Item 1A. Risk Factors	71
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	72
Item 6. Exhibits	73
Signatures	74

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
	(in millions, except per share amounts)	
Revenues		
Management and financial advice fees	$ 2,102	$ 1,770
Distribution fees	458	464
Net investment income	377	328
Premiums, policy and contract charges	347	395
Other revenues	71	69
Total revenues	3,355	3,026
Banking and deposit interest expense	5	25
Total net revenues	3,350	3,001
Expenses		
Distribution expenses	1,175	995
Interest credited to fixed accounts	159	91
Benefits, claims, losses and settlement expenses	653	(1,747)
Amortization of deferred acquisition costs	5	512
Interest and debt expense	42	46
General and administrative expense	823	753
Total expenses	2,857	650
Pretax income	493	2,351
Income tax provision	56	315
Net income	$ 437	$ 2,036
Earnings per share		
Basic	$ 3.65	$ 16.11
Diluted	$ 3.58	$ 15.88

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Net income	$ 437	$ 2,036
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(1)	(33)
Net unrealized gains (losses) on securities	(340)	(524)
Defined benefit plans	29	—
Total other comprehensive income (loss), net of tax	(312)	(557)
Total comprehensive income	$ 125	$ 1,479

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31, 2021	December 31, 2020
	(in millions, except share amounts)	
Assets		
Cash and cash equivalents	$ 5,462	$ 6,751
Cash of consolidated investment entities	325	94
Investments (allowance for credit losses: 2021, $39; 2020, $52)	40,437	41,031
Investments of consolidated investment entities, at fair value	2,642	1,918
Separate account assets	93,483	92,611
Receivables (allowance for credit losses: 2021, $50; 2020, $49)	8,038	7,819
Receivables of consolidated investment entities, at fair value	17	16
Deferred acquisition costs	2,685	2,532
Restricted and segregated cash, cash equivalents and investments	2,564	2,558
Other assets	10,082	10,551
Other assets of consolidated investment entities, at fair value	2	2
Total assets	$ 165,737	$ 165,883
Liabilities and Equity		
Liabilities:		
Policyholder account balances, future policy benefits and claims	$ 32,702	$ 33,992
Separate account liabilities	93,483	92,611
Customer deposits	17,619	17,641
Short-term borrowings	200	200
Long-term debt	2,834	2,831
Debt of consolidated investment entities, at fair value	2,671	1,913
Accounts payable and accrued expenses	1,832	1,998
Other liabilities	8,638	8,761
Other liabilities of consolidated investment entities, at fair value	256	69
Total liabilities	160,235	160,016
Equity:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 333,819,446 and 332,390,132, respectively)	3	3
Additional paid-in capital	8,982	8,822
Retained earnings	15,600	15,292
Treasury shares, at cost (217,831,175 and 215,624,519 shares, respectively)	(19,400)	(18,879)
Accumulated other comprehensive income (loss), net of tax	317	629
Total equity	5,502	5,867
Total liabilities and equity	$ 165,737	$ 165,883

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
	(in millions, except per share data)						
Balances at January 1, 2020	123,939,234	$ 3	$ 8,461	$ 14,279	$ (17,276)	$ 262	$ 5,729
Cumulative effect of adoption of adoption of current expected credit losses guidance	—	—	—	(9)	—	—	(9)
Comprehensive income:							
Net income	—	—	—	2,036	—	—	2,036
Other comprehensive loss, net of tax	—	—	—	—	—	(557)	(557)
Total comprehensive income							1,479
Dividends to shareholders	—	—	—	(126)	—	—	(126)
Repurchase of common shares	(3,382,619)	—	—	—	(537)	—	(537)
Share-based compensation plans	1,778,272	—	117	—	40	—	157
Balances at March 31, 2020	122,334,887	$ 3	$ 8,578	$ 16,180	$ (17,773)	$ (295)	$ 6,693
Balances at January 1, 2021	116,765,613	$ 3	$ 8,822	$ 15,292	$ (18,879)	$ 629	$ 5,867
Comprehensive income:							
Net income	—	—	—	437	—	—	437
Other comprehensive income, net of tax	—	—	—	—	—	(312)	(312)
Total comprehensive income							125
Dividends to shareholders	—	—	—	(129)	—	—	(129)
Repurchase of common shares	(2,589,698)	—	—	—	(554)	—	(554)
Share-based compensation plans	1,812,356	—	160	—	33	—	193
Balances at March 31, 2021	115,988,271	$ 3	$ 8,982	$ 15,600	$ (19,400)	$ 317	$ 5,502

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three months ended March 31,	
	2021	2020
	(in millions)	
Cash Flows from Operating Activities		
Net income	$ 437	$ 2,036
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion, net	60	47
Deferred income tax expense (benefit)	60	1,273
Share-based compensation	35	36
Net realized investment (gains) losses	(65)	(5)
Net trading (gains) losses	1	(3)
Loss from equity method investments	12	19
Impairments and provision for loan losses	—	21
Net (gains) losses of consolidated investment entities	(19)	6
Changes in operating assets and liabilities:		
Restricted and segregated investments	(315)	—
Deferred acquisition costs	(60)	452
Policyholder account balances, future policy benefits and claims, net	(1,050)	2,634
Derivatives, net of collateral	144	(681)
Receivables	(238)	(13)
Brokerage deposits	(102)	378
Accounts payable and accrued expenses	(163)	(432)
Current income tax expense (benefit)	90	(1,081)
Deferred taxes, net	(115)	—
Other operating assets and liabilities of consolidated investment entities, net	4	(1)
Other, net	284	207
Net cash provided by (used in) operating activities	(1,000)	4,893
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	92	633
Maturities, sinking fund payments and calls	2,964	2,050
Purchases	(3,245)	(2,529)
Proceeds from sales, maturities and repayments of mortgage loans	55	54
Funding of mortgage loans	(22)	(62)
Proceeds from sales, maturities and collections of other investments	54	77
Purchase of other investments	(31)	(115)
Purchase of investments by consolidated investment entities	(737)	(133)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	240	141
Purchase of land, buildings, equipment and software	(22)	(29)
Cash paid for written options with deferred premiums	(211)	(258)
Cash received from written options with deferred premiums	21	95
Cash paid for deposit receivable	(2)	(1)
Cash received for deposit receivable	21	30
Other, net	14	7
Net cash provided by (used in) investing activities	(809)	(40)

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)

	Three months ended March 31,	
	2021	2020
	(in millions)	
Cash Flows from Financing Activities		
Investment certificates:		
Proceeds from additions	$ 723	$ 1,271
Maturities, withdrawals and cash surrenders	(1,224)	(1,449)
Policyholder account balances:		
Deposits and other additions	384	255
Net transfers from (to) separate accounts	(60)	30
Surrenders and other benefits	(368)	(430)
Change in banking deposits, net	580	2,372
Cash paid for purchased options with deferred premiums	(42)	(36)
Cash received from purchased options with deferred premiums	306	—
Issuance of long-term debt	4	—
Repayments of long-term debt	(2)	(753)
Dividends paid to shareholders	(129)	(122)
Repurchase of common shares	(470)	(480)
Exercise of stock options	—	1
Borrowings by consolidated investment entities	797	—
Repayments of debt by consolidated investment entities	(63)	(29)
Other, net	(3)	(2)
Net cash provided by (used in) financing activities	433	628
Effect of exchange rate changes on cash	9	(17)
Net increase (decrease) in cash and cash equivalents, including amounts restricted	(1,367)	5,464
Cash and cash equivalents, including amounts restricted, at beginning of period	8,903	6,213
Cash and cash equivalents, including amounts restricted, at end of period	$ 7,536	$ 11,677
Supplemental Disclosures:		
Interest paid excluding consolidated investment entities	$ 30	$ 55
Interest paid by consolidated investment entities	11	17
Income taxes paid, net	36	34
Leased assets obtained in exchange for operating lease liabilities	44	31
Non-cash investing activity:		
Partnership commitments not yet remitted	—	2
Exchange of an investment that resulted in a realized gain and an increase to amortized cost	17	—

	March 31, 2021	December 31, 2020
	(in millions)	
Reconciliation of cash and cash equivalents, including amounts restricted:		
Cash and cash equivalents	$ 5,462	$ 6,751
Cash of consolidated investment entities	325	94
Restricted and segregated cash, cash equivalents and investments	2,564	2,558
Less: Restricted and segregated investments	(815)	(500)
Total cash and cash equivalents including amounts restricted per consolidated statements of cash flows	$ 7,536	$ 8,903

See Notes to Consolidated Financial Statements.

1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to be utilized as solutions for clients' cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. The foreign operations of Ameriprise Financial, Inc. are conducted primarily through Threadneedle Asset Management Holdings Sàrl and Ameriprise Asset Management Holdings Singapore (Pte.) Ltd and their respective subsidiaries (collectively, "Threadneedle").

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities ("VIEs") in which it is the primary beneficiary (collectively, the "Company"). All intercompany transactions and balances have been eliminated in consolidation.

The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for fair statement of the consolidated results of operations and financial position for the interim periods have been made. All adjustments made were of a normal recurring nature.

Changes to the Company's reportable segments have been made as further discussed in Note 18.

Certain prior period amounts have been revised to conform to current period presentation. These changes have no impact on previously reported consolidated balance sheets or statements of operations, comprehensive income, stockholders equity, or cash flows.

In the first quarter of 2021, the Company recorded an unfavorable out-of-period correction of $29 million in other comprehensive income related to defined benefit plans.

In the first quarter of 2020, the Company recorded an unfavorable out-of-period correction of $19 million in management and financial advice fees related to performance fees.

The impact of the errors were not material to the prior period financial statements.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on February 24, 2021 ("2020 10-K").

On April 12, 2021, the Company signed a definitive agreement to acquire the European-based asset management business of BMO Financial Group for £615 million, or approximately $845 million. The all-cash transaction is expected to add approximately $124 billion of assets under management in Europe and is currently expected to close in the fourth quarter of 2021, subject to regulatory approvals in the relevant jurisdictions.

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued. Other than the transaction noted above, no other subsequent events or transactions requiring recognition or disclosure were identified.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Income Taxes – Simplifying the Accounting for Income Taxes

In December 2019, the Financial Accounting Standards Board ("FASB") updated the accounting standards to simplify the accounting for income taxes. The update eliminates certain exceptions to: (1) accounting principles related to intra-period tax allocation to be applied on a prospective basis, (2) deferred tax liabilities related to outside basis differences to be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption, and (3) year-to-date losses in interim periods to be applied on a prospective basis. The update also amends existing guidance related to situations when an entity receives: (1) a step-up in the tax basis of goodwill to be applied on a prospective basis, (2) an allocation of income tax expense when members of a consolidated tax filing group issue separate financial statements to be applied on a retrospective basis for all periods presented, (3) interim recognition of enactment of tax laws or rate changes to be applied on a prospective basis, and (4) franchise taxes and other taxes partially based on income to be applied on a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The standard is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company adopted the standard on January 1, 2021. The adoption of this standard had no impact on the Company's consolidated results of operations and financial condition.

Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB updated the accounting standards related to accounting for credit losses on certain types of financial instruments. The update replaces the current incurred loss model for estimating credit losses with a new model that requires an entity to estimate the credit losses expected over the life of the asset. At adoption, the initial estimate of the expected credit losses will be recorded through retained earnings and subsequent changes in the estimate will be reported in current period earnings and recorded through an allowance for credit losses on the balance sheet. The credit loss model for Available-for-Sale debt securities did not change; however, the credit loss calculation and subsequent recoveries are required to be recorded through an allowance. The standard is effective for interim and annual periods beginning after December 15, 2019. A modified retrospective cumulative adjustment to retained earnings should be recorded as of the first reporting period in which the guidance is effective for loans, receivables, and other financial instruments subject to the new expected credit loss model. Prospective adoption is required for establishing an allowance related to Available-for-Sale debt securities, certain beneficial interests, and financial assets purchased with a more-than-insignificant amount of credit deterioration since origination. The Company adopted the standard on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Intangibles – Goodwill and Other – Internal-Use Software – Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract

In August 2018, the FASB updated the accounting standards related to customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. The update requires implementation costs for a CCA to be evaluated for capitalization using the same approach as implementation costs associated with internal-use software. The update also addresses presentation, measurement and impairment of capitalized implementation costs in a CCA that is a service contract. The update requires new disclosures on the nature of hosting arrangements that are service contracts, significant judgements made when applying the guidance and quantitative disclosures, including amounts capitalized, amortized and impaired. The update is effective for interim and annual periods beginning after December 15, 2019, and can be applied either prospectively or retrospectively. The Company adopted the standard using a prospective approach on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Intangibles – Goodwill and Other – Simplifying the Test for Goodwill Impairment

In January 2017, the FASB updated the accounting standards to simplify the accounting for goodwill impairment. The update removes the hypothetical purchase price allocation (Step 2) of the goodwill impairment test. Goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value. The standard is effective for interim and annual periods beginning after December 15, 2019, and should be applied prospectively with early adoption permitted for any impairment tests performed after January 1, 2017. The Company adopted the standard on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB updated the accounting standards related to disclosures for fair value measurements. The update eliminates the following disclosures: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy of timing of transfers between levels of the fair value hierarchy, and (3) the valuation processes for Level 3 fair value measurements. The new disclosures include changes in unrealized gains and losses for the period included in OCI for recurring Level 3 fair value measurements of instruments held at the end of the reporting period and the range and weighted average used to develop significant unobservable inputs and how the weighted average was calculated. The new disclosures are required on a prospective basis; all other provisions should be applied retrospectively. The update is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted for the entire standard or only the provisions to eliminate or modify disclosure requirements. The Company early adopted the provisions of the standard to eliminate or modify disclosure requirements in the fourth quarter of 2018. The Company adopted the provisions of the standard to include new disclosures on January 1, 2020. The update did not have an impact on the Company's consolidated results of operations or financial condition.

Future Adoption of New Accounting Standards

Reference Rate Reform – Expedients for Contract Modifications

In March 2020, the FASB updated the accounting standards to provide optional expedients and exceptions for applying GAAP to contracts, hedging or other transactions that are affected by reference rate reform (i.e., the elimination of LIBOR). The following expedients are provided for modified contracts whose reference rate is changed: (1) receivables and debt contracts are accounted for prospectively by adjusting the effective interest rate, (2) leases are accounted for as a continuation of the existing contracts with no reassessments of the lease classification and discount rate or remeasurements of lease payments that otherwise would be required, and (3) an entity is not required to reassess its original conclusion about whether that contract contains an embedded derivative that is clearly and closely related to the economic characteristics and risks of the host contract. The amendments in this update were effective upon issuance and must be elected prior to December 31, 2022. When elected, the optional expedients for contract modifications must be applied consistently for all eligible contracts or eligible transactions. The Company has not yet applied any of the optional

expedients. The adoption of the standard is not expected to have an impact on the Company's consolidated results of operations and financial condition.

Financial Services – Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB updated the accounting standard related to long-duration insurance contracts. The guidance revises key elements of the measurement models and disclosure requirements for long-duration insurance contracts issued by insurers and reinsurers.

The guidance establishes a significant new category of benefit features called market risk benefits that protect the contractholder from other-than-nominal capital market risk and expose the insurer to that risk. Insurers will have to measure market risk benefits at fair value. Market risk benefits include variable annuity guaranteed benefits (i.e. guaranteed minimum death, withdrawal, withdrawal for life, accumulation and income benefits). The portion of the change in fair value attributable to a change in the instrument-specific credit risk of market risk benefits in a liability position will be recorded in OCI.

Significant changes also relate to the measurement of the liability for future policy benefits for nonparticipating traditional long-duration insurance contracts and immediate annuities with a life contingent feature include the following:

- Insurers will be required to review and update the cash flow assumptions used to measure the liability for future policy benefits rather than using assumptions locked in at contract inception. The review of assumptions to measure the liability for all future policy benefits will be required annually at the same time each year, or more frequently if suggested by experience. The effect of updating assumptions will be measured on a retrospective catch-up basis and presented separate from the ongoing policyholder benefit expense in the statement of operations in the period the update is made. This new unlocking process will be required for the Company's term and whole life insurance, disability income, long term care insurance and immediate annuities with a life contingent feature.
- The discount rate used to measure the liability for future policy benefits will be standardized. The current requirement to use a discount rate reflecting expected investment yields will change to an upper-medium grade (low credit risk) fixed income corporate instrument yield (generally interpreted as an "A" rating) reflecting the duration characteristics of the liability. Entities will be required to update the discount rate at each reporting date with the effect of discount rate changes reflected in OCI.
- The current premium deficiency test is being replaced with a net premium ratio cap of 100%. If the net premium ratio (i.e. the ratio of the present value of total expected benefits and related expenses to the present value of total expected premiums) exceeds 100%, insurers are required to recognize a loss in the statement of operations in the period. Contracts from different issue years will no longer be permitted to be grouped to determine contracts in a loss position.

In addition, the update requires DAC and DSIC relating to all long-duration contracts and most investment contracts to be amortized on a straight-line basis over the expected life of the contract independent of profit emergence. Under the new guidance, interest will not accrue to the deferred balance and DAC and DSIC will not be subject to an impairment test.

The update requires significant additional disclosures, including disaggregated rollforwards of the liability for future policy benefits, policyholder account balances, market risk benefits, DAC and DSIC, as well as qualitative and quantitative information about expected cash flows, estimates and assumptions. The standard is effective for interim and annual periods beginning after December 15, 2022, and interim periods within those years. The standard should be applied to the liability for future policy benefits and DAC and DSIC on a modified retrospective basis and applied to market risk benefits on a retrospective basis with the option to apply full retrospective transition if certain criteria are met. Early adoption is permitted. The Company is currently evaluating the impact of the standard on its consolidated results of operations, financial condition and disclosures.

3. Revenue from Contracts with Customers

The following tables present revenue disaggregated by segment on an adjusted operating basis with a reconciliation of segment revenues to those reported on the Consolidated Statements of Operations:

	Three Months Ended March 31, 2021						
	Advice & Wealth Management	Asset Management	Retirement & Protection Solutions	Corporate & Other	Total Segments	Non-operating Revenue	Total
	(in millions)						
Management and financial advice fees:							
Asset management fees:							
Retail	$ —	$ 531	$ —	$ —	$ 531	$ —	$ 531
Institutional	—	123	—	—	123	—	123
Advisory fees	1,028	—	—	—	1,028	—	1,028
Financial planning fees	88	—	—	—	88	—	88
Transaction and other fees	89	52	16	—	157	—	157
Total management and financial advice fees	1,205	706	16	—	1,927	—	1,927
Distribution fees:							
Mutual funds	207	67	—	—	274	—	274
Insurance and annuity	240	47	99	—	386	—	386
Other products	112	—	—	—	112	—	112
Total distribution fees	559	114	99	—	772	—	772
Other revenues	49	1	—	—	50	—	50
Total revenue from contracts with customers	1,813	821	115	—	2,749	—	2,749
Revenue from other sources [1]	71	7	672	139	889	99	988
Total segment gross revenues	1,884	828	787	139	3,638	99	3,737
Less: Banking and deposit interest expense	5	—	—	—	5	—	5
Total segment net revenues	1,879	828	787	139	3,633	99	3,732
Less: Intersegment revenues	250	13	116	—	379	3	382
Total net revenues	$ 1,629	$ 815	$ 671	$ 139	$ 3,254	$ 96	$ 3,350

	Three Months Ended March 31, 2020						
	Advice & Wealth Management	Asset Management	Retirement & Protection Solutions	Corporate & Other	Total Segments	Non-operating Revenue	Total
	(in millions)						
Management and financial advice fees:							
Asset management fees:							
Retail	$ —	$ 447	$ —	$ —	$ 447	$ —	$ 447
Institutional	—	85	—	—	85	—	85
Advisory fees	854	—	—	—	854	—	854
Financial planning fees	81	—	—	—	81	—	81
Transaction and other fees	89	47	15	—	151	—	151
Total management and financial advice fees	1,024	579	15	—	1,618	—	1,618
Distribution fees:							
Mutual funds	184	60	—	—	244	—	244
Insurance and annuity	208	43	86	—	337	—	337
Other products	156	—	—	—	156	—	156
Total distribution fees	548	103	86	—	737	—	737
Other revenues	47	1	—	3	51	—	51
Total revenue from contracts with customers	1,619	683	101	3	2,406	—	2,406
Revenue from other sources [1]	101	3	658	147	909	52	961
Total segment gross revenues	1,720	686	759	150	3,315	52	3,367
Less: Banking and deposit interest expense	25	—	—	1	26	—	26
Total segment net revenues	1,695	686	759	149	3,289	52	3,341
Less: Intersegment revenues	222	13	104	(1)	338	2	340
Total net revenues	$ 1,473	$ 673	$ 655	$ 150	$ 2,951	$ 50	$ 3,001

[1] Revenues not included in the scope of the revenue from contracts with customers standard. The amounts primarily consist of revenue associated with insurance and annuity products or financial instruments.

The following discussion describes the nature, timing, and uncertainty of revenues and cash flows arising from the Company's contracts with customers on a consolidated basis.

Management and Financial Advice Fees

Asset Management Fees

The Company earns revenue for performing asset management services for retail and institutional clients. The revenue is earned based on a fixed or tiered rate applied, as a percentage, to assets under management. Assets under management vary with market fluctuations and client behavior. The asset management performance obligation is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Asset management fees are accrued, invoiced and collected on a monthly or quarterly basis.

The Company's asset management contracts for Open Ended Investment Companies ("OEICs") in the United Kingdom ("U.K.") and Société d'Investissement à Capital Variable ("SICAVs") in Europe include performance obligations for asset management and fund distribution services. The amounts received for these services are reported as management and financial advice fees. The revenue recognition pattern is the same for both performance obligations as the fund distribution services revenue is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment) and not recognized until assets under management are known.

The Company may also earn performance-based management fees on institutional accounts, hedge funds, collateralized loan obligations ("CLOs"), OEICs, SICAVs and property and other funds based on a percentage of account returns in excess of either a benchmark index or a contractually specified level. This revenue is variable and impacted primarily by the performance of the assets being managed compared to the benchmark index or contractually specified level. The revenue is not recognized until it is probable that a significant reversal will not occur. Performance-based management fees are invoiced on a quarterly or annual basis.

Advisory Fees

The Company earns revenue for performing investment advisory services for certain brokerage customer's discretionary and non-discretionary managed accounts. The revenue is earned based on a contractual fixed rate applied, as a percentage, to the market value

of assets held in the account. The investment advisory performance obligation is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Advisory fees are billed on a monthly basis on the prior month end assets.

Financial Planning Fees

The Company earns revenue for providing financial plans to its clients. The revenue earned for each financial plan is either a fixed fee (received monthly, quarterly or annually) or a variable fee (received monthly) based on a contractual fixed rate applied, as a percentage, to the prior month end assets held in a client's investment advisory account. The financial planning fee is based on the complexity of a client's financial and life situation and his or her advisor's experience. The performance obligation is satisfied at the time the financial plan is delivered to the customer. The Company records a contract liability for the unearned revenue when cash is received before the plan is delivered. The financial plan contracts with clients are annual contracts. Amounts recorded as a contract liability are recognized as revenue when the financial plan is delivered, which occurs within the annual contract period.

For fixed fee arrangements, revenue is recognized when the financial plan is delivered. The Company accrues revenue for any amounts that have not been received at the time the financial plan is delivered.

For variable fee arrangements, revenue is recognized for cash that has been received when the financial plan is delivered. The amount received after the plan is delivered is variably constrained due to factors outside the Company's control including market volatility and client behavior. The revenue is recognized when it is probable that a significant reversal will not occur that is generally each month end as the advisory account balance uncertainty is resolved.

Contract liabilities for financial planning fees, which are included in other liabilities in the Consolidated Balance Sheets, were $144 million and $146 million as of March 31, 2021 and December 31, 2020, respectively.

The Company pays sales commissions to advisors when a new financial planning contract is obtained or when an existing contract is renewed. The sales commissions paid to the advisors prior to financial plan delivery are considered costs to obtain a contract with a customer and are initially capitalized. When the performance obligation to deliver the financial plan is satisfied, the commission is recognized as distribution expense. Capitalized costs to obtain these contracts are reported in other assets in the Consolidated Balance Sheets and were $115 million and $117 million as of March 31, 2021 and December 31, 2020, respectively.

Transaction and Other Fees

The Company earns revenue for providing customer support, shareholder and administrative services (including transfer agent services) for affiliated mutual funds and networking, sub-accounting and administrative services for unaffiliated mutual funds. The Company also receives revenue for providing custodial services and account maintenance services on brokerage and retirement accounts that are not included in an advisory relationship. Transfer agent and administrative revenue is earned based on either a fixed rate applied, as a percentage, to assets under management or an annual fixed fee for each fund position. Networking and sub-accounting revenue is earned based on either an annual fixed fee for each account or an annual fixed fee for each fund position. Custodial and account maintenance revenue is generally earned based on a quarterly or annual fixed fee for each account. Each of the customer support and administrative services performance obligations are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Transaction and other fees (other than custodial service fees) are invoiced or charged to brokerage accounts on a monthly or quarterly basis. Custodial service fees are invoiced or charged to brokerage accounts on an annual basis. Contract liabilities for custodial service fees, which are included in other liabilities in the Consolidated Balance Sheets, were $42 million and nil as of March 31, 2021 and December 31, 2020, respectively.

The Company earns revenue for providing trade execution services to franchise advisors. The trade execution performance obligation is satisfied at the time of each trade and the revenue is primarily earned based on a fixed fee per trade. These fees are invoiced and collected on a semi-monthly basis.

Distribution Fees

Mutual Funds and Insurance and Annuity Products

The Company earns revenue for selling affiliated and unaffiliated mutual funds, fixed and variable annuities and insurance products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment or holds the contract and is generally earned based on a fixed rate applied, as a percentage, to the net asset value of the fund, or the value of the insurance policy or annuity contract. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment, insurance policy or annuity contract). This ongoing revenue may be recognized for many years after the initial sale. The revenue will not be recognized until it is probable that a significant reversal will not occur.

The Company earns revenue for providing unaffiliated partners an opportunity to educate the Company's advisors or to support availability and distribution of their products on the Company's platforms. These payments allow the outside parties to train and support the advisors, explain the features of their products and distribute marketing and educational materials, and support trading and

operational systems necessary to enable the Company's client servicing and production distribution efforts. The Company earns revenue for placing and maintaining unaffiliated fund partners and insurance companies' products on the Company's sales platform (subject to the Company's due diligence standards). The revenue is primarily earned based on a fixed fee or a fixed rate applied, as a percentage, to the market value of assets invested. These performance obligations are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. These fees are invoiced and collected on monthly basis.

Other Products

The Company earns revenue for selling unaffiliated alternative products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment and is earned generally based on a fixed rate applied, as a percentage, to the market value of the investment. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment). The revenue will not be recognized until it is probable that a significant reversal will not occur.

The Company earns revenue from brokerage clients for the execution of requested trades. The performance obligation is satisfied at the time of trade execution and amounts are received on the settlement date. The revenue varies for each trade based on various factors that include the type of investment, dollar amount of the trade and how the trade is executed (online or broker assisted).

The Company earns revenue for placing clients' deposits in its brokerage sweep program with third-party banks. The amount received from the third-party banks is impacted by short-term interest rates. The performance obligation with the financial institutions that participate in the sweep program is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. The revenue is earned daily and settled monthly based on a rate applied, as a percentage, to the deposits placed.

Other Revenues

The Company earns revenue from fees charged to franchise advisors for providing various services the advisors need to manage and grow their practices. The primary services include: licensing of intellectual property and software, compliance supervision, insurance coverage, technology services and support, consulting and other services. The services are either provided by the Company or third-party providers. The Company controls the services provided by third parties as it has the right to direct the third parties to perform the services, is primarily responsible for performing the services and sets the prices the advisors are charged. The Company recognizes revenue for the gross amount of the fees received from the advisors. The fees are primarily collected monthly as a reduction of commission payments.

Intellectual property and software licenses, along with compliance supervision, insurance coverage, and technology services and support are primarily earned based on a monthly fixed fee. These services are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. The consulting and other services performance obligations are satisfied as the services are delivered and revenue is earned based upon the level of service requested.

Receivables

Receivables for revenue from contracts with customers are recognized when the performance obligation is satisfied and the Company has an unconditional right to the revenue. Receivables related to revenues from contracts with customers were $415 million and $403 million as of March 31, 2021 and December 31, 2020, respectively.

4. Variable Interest Entities

The Company provides asset management services to investment entities which are considered to be VIEs, such as CLOs, hedge funds and other private funds, property funds and certain non-U.S. series funds (such as OEICs and SICAVs) (collectively, "investment entities"), which are sponsored by the Company. In addition, the Company invests in structured investments other than CLOs and certain affordable housing partnerships which are considered VIEs. The Company consolidates certain investment entities (collectively, "consolidated investment entities") if the Company is deemed to be the primary beneficiary. The Company has no obligation to provide financial or other support to the non-consolidated VIEs beyond its initial investment and existing future funding commitments, and the Company has not provided any other support to these entities. The Company has unfunded commitments related to consolidated CLOs of $20 million and $13 million as of March 31, 2021 and December 31, 2020, respectively.

CLOs

CLOs are asset backed financing entities collateralized by a pool of assets, primarily syndicated loans and, to a lesser extent, high-yield bonds. Multiple tranches of debt securities are issued by a CLO, offering investors various maturity and credit risk characteristics. The debt securities issued by the CLOs are non-recourse to the Company. The CLO's debt holders have recourse only to the assets of the CLO. The assets of the CLOs cannot be used by the Company. Scheduled debt payments are based on the performance of the CLO's collateral pool. The Company earns management fees from the CLOs based on the value of the CLO's collateral pool and, in certain instances, may also receive incentive fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company has invested in a portion of the unrated, junior subordinated notes and

highly rated senior notes of certain CLOs. The Company consolidates certain CLOs where it is the primary beneficiary and has the power to direct the activities that most significantly impact the economic performance of the CLO.

The Company's maximum exposure to loss with respect to non-consolidated CLOs is limited to its amortized cost, which was $1 million and $3 million as of March 31, 2021 and December 31, 2020, respectively. The Company classifies these investments as Available-for-Sale securities. See Note 5 for additional information on these investments.

Property Funds

The Company provides investment advice and related services to property funds, some of which are considered VIEs. For investment management services, the Company generally earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company does not have a significant economic interest and is not required to consolidate any of the property funds. The Company's maximum exposure to loss with respect to its investment in these entities is limited to its carrying value. The carrying value of the Company's investment in property funds is reflected in other investments and was $23 million as of both March 31, 2021 and December 31, 2020.

Hedge Funds and other Private Funds

The Company does not consolidate hedge funds and other private funds which are sponsored by the Company and considered VIEs. For investment management services, the Company earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services and the Company does not have a significant economic interest in any fund. The Company's maximum exposure to loss with respect to its investment in these entities is limited to its carrying value. The carrying value of the Company's investment in these entities is reflected in other investments and was nil as of both March 31, 2021 and December 31, 2020.

Non-U.S. Series Funds

The Company manages non-U.S. series funds, which are considered VIEs. For investment management services, the Company earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company does not consolidate these funds and its maximum exposure to loss is limited to its carrying value. The carrying value of the Company's investment in these funds is reflected in other investments and was $17 million and $20 million as of March 31, 2021 and December 31, 2020, respectively.

Affordable Housing Partnerships and Other Real Estate Partnerships

The Company is a limited partner in affordable housing partnerships that qualify for government-sponsored low income housing tax credit programs and partnerships that invest in multi-family residential properties that were originally developed with an affordable housing component. The Company has determined it is not the primary beneficiary and therefore does not consolidate these partnerships.

A majority of the limited partnerships are VIEs. The Company's maximum exposure to loss as a result of its investment in the VIEs is limited to the carrying value. The carrying value is reflected in other investments and was $187 million and $200 million as of March 31, 2021 and December 31, 2020, respectively. The Company had a $9 million liability recorded as of both March 31, 2021 and December 31, 2020 related to original purchase commitments not yet remitted to the VIEs. The Company has not provided any additional support and is not contractually obligated to provide additional support to the VIEs beyond the funding commitments.

Structured Investments

The Company invests in structured investments which are considered VIEs for which it is not the sponsor. These structured investments typically invest in fixed income instruments and are managed by third parties and include asset backed securities, commercial and residential mortgage backed securities. The Company classifies these investments as Available-for-Sale securities. The Company has determined that it is not the primary beneficiary of these structures due to the size of the Company's investment in the entities and position in the capital structure of these entities. The Company's maximum exposure to loss as a result of its investment in these structured investments is limited to its amortized cost. See Note 5 for additional information on these structured investments.

Fair Value of Assets and Liabilities

The Company categorizes its fair value measurements according to a three-level hierarchy. See Note 11 for the definition of the three levels of the fair value hierarchy.

The following tables present the balances of assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Common stocks	$ —	$ 2	$ —	$ 2
Syndicated loans	—	2,485	155	2,640
Total investments	—	2,487	155	2,642
Receivables	—	17	—	17
Other assets	—	2	—	2
Total assets at fair value	$ —	$ 2,506	$ 155	$ 2,661
Liabilities				
Debt[1]	$ —	$ 2,671	$ —	$ 2,671
Other liabilities	—	256	—	256
Total liabilities at fair value	$ —	$ 2,927	$ —	$ 2,927

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$ —	$ 8	$ —	$ 8
Common stocks	—	1	—	1
Syndicated loans	—	1,817	92	1,909
Total investments	—	1,826	92	1,918
Receivables	—	16	—	16
Other assets	—	—	2	2
Total assets at fair value	$ —	$ 1,842	$ 94	$ 1,936
Liabilities				
Debt[1]	$ —	$ 1,913	$ —	$ 1,913
Other liabilities	—	69	—	69
Total liabilities at fair value	$ —	$ 1,982	$ —	$ 1,982

[1] The carrying value of the CLOs' debt is set equal to the fair value of the CLOs' assets. The estimated fair value of the CLOs' debt was $2.7 billion and $2.0 billion as of March 31, 2021 and December 31, 2020, respectively.

The following tables provide a summary of changes in Level 3 assets held by consolidated investment entities measured at fair value on a recurring basis:

	Syndicated Loans	Other Assets
	(in millions)	
Balance, January 1, 2021	$ 92	$ 2
Total gains (losses) included in:		
Net income	2 [1]	—
Purchases	59	—
Sales	(10)	—
Settlements	(20)	—
Transfers into Level 3	57	—
Transfers out of Level 3	(25)	(2)
Balance, March 31, 2021	$ 155	$ —
Changes in unrealized gains (losses) included in income relating to assets held at March 31, 2021	$ 1 [1]	$ —

	Syndicated Loans
	(in millions)
Balance, January 1, 2020	$ 143
Total gains (losses) included in:	
Net income	(39) [1]
Purchases	43
Sales	(7)
Settlements	(10)
Transfers into Level 3	248
Transfers out of Level 3	(76)
Balance, March 31, 2020	$ 302
Changes in unrealized gains (losses) included in income relating to assets held at March 31, 2020	$ (37) [1]

[1] Included in net investment income in the Consolidated Statements of Operations.

Securities and loans transferred from Level 3 primarily represent assets with fair values that are now obtained from a third-party pricing service with observable inputs or priced in active markets. Securities and loans transferred to Level 3 represent assets with fair values that are now based on a single non-binding broker quote.

All Level 3 measurements as of March 31, 2021 and December 31, 2020 were obtained from non-binding broker quotes where unobservable inputs utilized in the fair value calculation are not reasonably available to the Company.

Determination of Fair Value

Assets

Investments

The fair value of syndicated loans obtained from third-party pricing services using a market approach with observable inputs is classified as Level 2. The fair value of syndicated loans obtained from third-party pricing services with a single non-binding broker quote as the underlying valuation source is classified as Level 3. The underlying inputs used in non-binding broker quotes are not readily available to the Company. See Note 11 for a description of the Company's determination of the fair value of corporate debt securities, common stocks and other investments.

Receivables

For receivables of the consolidated CLOs, the carrying value approximates fair value as the nature of these assets has historically been short term and the receivables have been collectible. The fair value of these receivables is classified as Level 2.

Liabilities

Debt

The fair value of the CLOs' assets, typically syndicated bank loans, is more observable than the fair value of the CLOs' debt tranches for which market activity is limited and less transparent. As a result, the fair value of the CLOs' debt is set equal to the fair value of the CLOs' assets and is classified as Level 2.

Other Liabilities

Other liabilities consist primarily of securities purchased but not yet settled held by consolidated CLOs. The carrying value approximates fair value as the nature of these liabilities has historically been short term. The fair value of these liabilities is classified as Level 2. Other liabilities also include accrued interest on the CLO debt.

Fair Value Option

The Company has elected the fair value option for the financial assets and liabilities of the consolidated CLOs. Management believes that the use of the fair value option better matches the changes in fair value of assets and liabilities related to the CLOs.

The following table presents the fair value and unpaid principal balance of loans and debt for which the fair value option has been elected:

	March 31, 2021	December 31, 2020
	(in millions)	
Syndicated loans		
Unpaid principal balance	$ 2,690	$ 1,990
Excess unpaid principal over fair value	(50)	(81)
Fair value	$ 2,640	$ 1,909
Fair value of loans more than 90 days past due	$ 1	$ 5
Fair value of loans in nonaccrual status	15	19
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in nonaccrual status or both	20	24
Debt		
Unpaid principal balance	$ 2,808	$ 2,069
Excess unpaid principal over fair value	(137)	(156)
Carrying value [1]	$ 2,671	$ 1,913

[1] The carrying value of the CLOs' debt is set equal to the fair value of the CLOs' assets. The estimated fair value of the CLOs' debt was $2.7 billion and $2.0 billion as of March 31, 2021 and December 31, 2020, respectively.

During the first quarter of 2021, the Company launched two new CLOs and issued debt of $817 million.

Interest income from syndicated loans, bonds and structured investments is recorded based on contractual rates in net investment income. Gains and losses related to changes in the fair value of investments and gains and losses on sales of investments are also recorded in net investment income. Interest expense on debt is recorded in interest and debt expense with gains and losses related to changes in the fair value of debt recorded in net investment income.

Total net gains (losses) recognized in net investment income related to the changes in fair value of investments the Company owns in the consolidated CLOs where it has elected the fair value option and collateralized financing entity accounting were immaterial for both the three months ended March 31, 2021 and 2020.

Debt of the consolidated investment entities and the stated interest rates were as follows:

	Carrying Value		Weighted Average Interest Rate	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
Debt of consolidated CLOs due 2025-2034	$ 2,671	$ 1,913	2.0 %	2.1 %

The debt of the consolidated CLOs has both fixed and floating interest rates, which range from 0.0% to 8.9%. The interest rates on the debt of CLOs are weighted average rates based on the outstanding principal and contractual interest rates.

5. Investments

The following is a summary of Ameriprise Financial investments:

	March 31, 2021	December 31, 2020
	(in millions)	
Available-for-Sale securities, at fair value	$ 35,832	$ 36,283
Mortgage loans (allowance for credit losses: 2021, $29 ; 2020, $29)	2,684	2,718
Policy loans	838	846
Other investments (allowance for credit losses: 2021, $9; 2020, $12)	1,083	1,184
Total	$ 40,437	$ 41,031

Other investments primarily reflect the Company's interests in affordable housing partnerships, trading securities, seed money investments, syndicated loans, credit card receivables and certificates of deposit with original or remaining maturities at the time of purchase of more than 90 days.

The following is a summary of net investment income:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Investment income on fixed maturities	$ 266	$ 322
Net realized gains (losses)	69 [1]	(19) [1]
Affordable housing partnerships	(15)	(14)
Other	21	22
Consolidated investment entities	36	17
Total	$ 377	$ 328

[1] Includes the change in the allowance for credit losses of $1 million and $24 million for the three months ended March 31, 2021 and 2020, respectively.

Available-for-Sale securities distributed by type were as follows:

	March 31, 2021				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
			(in millions)		
Corporate debt securities	$ 11,949	$ 1,441	$ (87)	$ —	$ 13,303
Residential mortgage backed securities	9,903	156	(17)	—	10,042
Commercial mortgage backed securities	5,876	173	(12)	—	6,037
Asset backed securities	3,444	43	(2)	—	3,485
State and municipal obligations	1,057	244	(3)	—	1,298
U.S. government and agency obligations	1,325	1	—	—	1,326
Foreign government bonds and obligations	231	17	(1)	—	247
Other securities	94	—	—	—	94
Total	$ 33,879	$ 2,075	$ (122)	$ —	$ 35,832

	December 31, 2020				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
	(in millions)				
Corporate debt securities	$ 11,762	$ 1,924	$ (2)	$ (10)	$ 13,674
Residential mortgage backed securities	9,845	188	(4)	—	10,029
Commercial mortgage backed securities	5,867	242	(21)	—	6,088
Asset backed securities	3,283	52	(5)	(1)	3,329
State and municipal obligations	1,088	297	(1)	—	1,384
U.S. government and agency obligations	1,456	—	—	—	1,456
Foreign government bonds and obligations	241	22	(1)	—	262
Other securities	59	2	—	—	61
Total	$ 33,601	$ 2,727	$ (34)	$ (11)	$ 36,283

As of March 31, 2021 and December 31, 2020, accrued interest of $209 million and $178 million, respectively, is excluded from the amortized cost basis of Available-for-Sale securities in the tables above and is recorded in receivables on the Consolidated Balance Sheets.

As of March 31, 2021 and December 31, 2020, investment securities with a fair value of $3.3 billion and $3.6 billion, respectively, were pledged to meet contractual obligations under derivative contracts and short-term borrowings, of which $417 million and $454 million, respectively, may be sold, pledged or rehypothecated by the counterparty.

As of March 31, 2021 and December 31, 2020, fixed maturity securities comprised approximately 89% and 88%, respectively, of Ameriprise Financial investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations ("NRSROs"), including Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings Ltd. ("Fitch"). The Company uses the median of available ratings from Moody's, S&P and Fitch, or, if fewer than three ratings are available, the lower rating is used. When ratings from Moody's, S&P and Fitch are unavailable, the Company may utilize ratings from other NRSROs or rate the securities internally. As of March 31, 2021 and December 31, 2020, the Company's internal analysts rated $642 million and $605 million, respectively, of securities using criteria similar to those used by NRSROs.

A summary of fixed maturity securities by rating was as follows:

	March 31, 2021			December 31, 2020		
Ratings	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in millions, except percentages)					
AAA	$ 19,922	$ 20,255	56 %	$ 19,815	$ 20,253	56 %
AA	1,140	1,319	4	1,082	1,312	3
A	2,714	3,141	9	2,953	3,534	10
BBB	8,792	9,681	27	8,271	9,542	26
Below investment grade [1]	1,311	1,436	4	1,480	1,642	5
Total fixed maturities	$ 33,879	$ 35,832	100 %	$ 33,601	$ 36,283	100 %

[1] Both the amortized cost and fair value of below investment grade securities includes interest in non-consolidated CLOs managed by the Company of $1 million as of March 31, 2021, and $3 million as of December 31, 2020. These securities are not rated but are included in below investment grade due to their risk characteristics.

As of March 31, 2021 and December 31, 2020, approximately 32% and 33%, respectively, of securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities. No holdings of any issuer were greater than 10% of total equity.

The following tables summarize the fair value and gross unrealized losses on Available-for-Sale securities, aggregated by major investment type and the length of time that individual securities have been in a continuous unrealized loss position for which no allowance for credit losses has been recorded:

	March 31, 2021								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	84	$ 1,948	$ (86)	4	$ 23	$ (1)	88	$ 1,971	$ (87)
Residential mortgage backed securities	63	1,861	(16)	77	297	(1)	140	2,158	(17)
Commercial mortgage backed securities	43	778	(10)	18	428	(2)	61	1,206	(12)
Asset backed securities	11	265	(1)	14	203	(1)	25	468	(2)
State and municipal obligations	28	74	(2)	2	7	(1)	30	81	(3)
Foreign government bonds and obligations	4	5	—	7	7	(1)	11	12	(1)
Total	233	$ 4,931	$ (115)	122	$ 965	$ (7)	355	$ 5,896	$ (122)

	December 31, 2020								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	26	$ 228	$ (1)	11	$ 19	$ (1)	37	$ 247	$ (2)
Residential mortgage backed securities	72	833	(2)	71	391	(2)	143	1,224	(4)
Commercial mortgage backed securities	35	781	(11)	19	393	(10)	54	1,174	(21)
Asset backed securities	17	344	(3)	13	231	(2)	30	575	(5)
State and municipal obligations	2	4	—	1	4	(1)	3	8	(1)
Foreign government bonds and obligations	1	3	—	7	8	(1)	8	11	(1)
Total	153	$ 2,193	$ (17)	122	$ 1,046	$ (17)	275	$ 3,239	$ (34)

As part of the Company's ongoing monitoring process, management determined that the change in gross unrealized losses on its Available-for-Sale securities for which an allowance for credit losses has not been recognized during the three months ended March 31, 2021 is primarily attributable to higher interest rates, partially offset by tighter credit spreads. The Company did not recognize these unrealized losses in earnings because it was determined that such losses were due to non-credit factors. The Company does not intend to sell these securities and does not believe that it is more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. As of March 31, 2021 and December 31, 2020, 88% and 92% respectively, of the total of Available-for-Sale securities with gross unrealized losses were considered investment grade.

The following tables present a rollforward of the allowance for credit losses on Available-for-Sale securities:

	Corporate Debt Securities	Asset Backed Securities	Total
	(in millions)		
Balance, January 1, 2021	$ 10	$ 1	$ 11
Charge-offs	(10)	(1)	(11)
Balance, March 31, 2021	$ —	$ —	$ —
Balance at January 1, 2020 [1]	$ —	$ —	$ —
Additions for which credit losses were not previously recorded	13	—	13
Balance at March 31, 2020	$ 13	$ —	$ 13

[1] Prior to January 1, 2020, credit losses on Available-for-Sale securities were not recorded in an allowance but were recorded as a reduction of the book value of the security if the security was other-than-temporarily impaired.

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in net investment income were as follows:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Gross realized investment gains	$ 51	$ 8
Gross realized investment losses	(1)	(3)
Credit losses	—	(13)
Total	$ 50	$ (8)

There were no credit losses for the three months ended March 31, 2021. Credit losses for the three months ended March 31, 2020 primarily related to recording an allowance for credit losses on certain corporate debt securities, primarily in the oil and gas industry.

See Note 14 for a rollforward of net unrealized investment gains (losses) included in AOCI.

Available-for-Sale securities by contractual maturity as of March 31, 2021 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 2,241	$ 2,251
Due after one year through five years	4,757	5,058
Due after five years through 10 years	3,423	3,565
Due after 10 years	4,235	5,394
	14,656	16,268
Residential mortgage backed securities	9,903	10,042
Commercial mortgage backed securities	5,876	6,037
Asset backed securities	3,444	3,485
Total	$ 33,879	$ 35,832

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities were not included in the maturities distribution.

6. Financing Receivables

Financing receivables are comprised of commercial loans, consumer loans, and the deposit receivable.

Allowance for Credit Losses

The following tables present a rollforward of the allowance for credit losses for the three months ended March 31:

	Commercial Loans	Consumer Loans	Total
		(in millions)	
Balance, January 1, 2021	$ 66	$ 2	$ 68
Provisions	—	1	1
Charge-offs	(1)	—	(1)
Balance, March 31, 2021	$ 65	$ 3	$ 68

	Commercial Loans	Consumer Loans	Total
		(in millions)	
Balance, December 31, 2019 [1]	$ 51	$ —	$ 51
Cumulative effect of adoption of current expected credit losses guidance	2	3	5
Balance, January 1, 2020	53	3	56
Provisions	10	2	12
Charge-offs	—	(1)	(1)
Balance, March 31, 2020	$ 63	$ 4	$ 67

[1] Prior to January 1, 2020, the allowance for credit losses was based on an incurred loss model that did not require estimating expected credit losses over the expected life of the asset.

Accrued interest on commercial loans was $17 million and $16 million as of March 31, 2021 and December 31, 2020, respectively, and is recorded in receivables on the Consolidated Balance Sheets and excluded from the amortized cost basis of commercial loans.

Purchases and Sales

During the three months ended March 31, 2021 and 2020, the Company purchased $13 million and $56 million, respectively, of syndicated loans, and sold $4 million and $7 million, respectively, of syndicated loans.

During the three months ended March 31, 2021, the Company purchased $2 million of residential mortgage loans. The allowance for credit losses for residential mortgage loans was not material as of March 31, 2021.

The Company has not acquired any loans with deteriorated credit quality as of the acquisition date.

Credit Quality Information

Nonperforming loans were $12 million and $21 million as of March 31, 2021 and December 31, 2020, respectively. All other loans were considered to be performing.

Commercial Loans

Commercial Mortgage Loans

The Company reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Loan-to-value ratio is the primary credit quality indicator included in this review. Based on this review, the commercial mortgage loans are assigned an internal risk rating, which management updates when credit risk changes. Commercial mortgage loans which management has assigned its highest risk rating were less than 1% of total commercial mortgage loans as of both March 31, 2021 and December 31, 2020. Loans with the highest risk rating represent distressed loans which the Company has identified as impaired or expects to become delinquent or enter into foreclosure within the next six months. Total commercial mortgage loan modifications through March 31, 2021 due to the COVID-19 pandemic consisted of 93 loans with a total unpaid balance of $369 million. Modifications primarily consisted of short-term forbearance and interest only payments. As of March 31, 2021, there was one loan remaining that was modified due to COVID-19 with interest only payments with an unpaid balance of $10 million. All other loans returned to their normal payment schedules. Total commercial mortgage loans past due were nil as of March 31, 2021 and December 31, 2020, respectively.

The tables below present the amortized cost basis of commercial mortgage loans by the year of origination and loan-to-value ratio:

	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Loan-to-Value Ratio	(in millions)						
> 100%	$ —	$ —	$ —	$ 2	$ —	$ 15	$ 17
80% - 100%	—	15	19	12	3	22	71
60% - 80%	13	81	157	27	36	177	491
40% - 60%	7	30	50	84	139	670	980
< 40%	—	8	34	68	107	915	1,132
Total	$ 20	$ 134	$ 260	$ 193	$ 285	$ 1,799	$ 2,691

	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
Loan-to-Value Ratio	(in millions)						
> 100%	$ —	$ —	$ 2	$ —	$ —	$ 10	$ 12
80% - 100%	15	16	12	3	7	15	68
60% - 80%	89	166	27	32	46	144	504
40% - 60%	23	57	74	155	113	551	973
< 40%	7	23	80	99	64	895	1,168
Total	$ 134	$ 262	$ 195	$ 289	$ 230	$ 1,615	$ 2,725

Loan-to-value ratio is based on income and expense data provided by borrowers at least annually and long-term capitalization rate assumptions based on property type.

In addition, the Company reviews the concentrations of credit risk by region and property type. Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
East North Central	$ 256	$ 259	10 %	10 %
East South Central	113	115	4	4
Middle Atlantic	176	178	7	7
Mountain	241	247	9	9
New England	53	54	2	2
Pacific	814	825	30	30
South Atlantic	676	681	25	25
West North Central	196	198	7	7
West South Central	166	168	6	6
	2,691	2,725	100 %	100 %
Less: allowance for credit losses	29	29		
Total	$ 2,662	$ 2,696		

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans		Percentage	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
Apartments	$ 711	$ 713	27 %	26 %
Hotel	49	50	2	2
Industrial	420	427	16	16
Mixed use	87	87	3	3
Office	361	372	13	14
Retail	871	881	32	32
Other	192	195	7	7
	2,691	2,725	100 %	100 %
Less: allowance for credit losses	29	29		
Total	$ 2,662	$ 2,696		

Syndicated Loans

The recorded investment in syndicated loans as of March 31, 2021 and December 31, 2020 was $561 million and $595 million, respectively. The Company's syndicated loan portfolio is diversified across industries and issuers. Total syndicated loans past due were nil and $3 million as of March 31, 2021 and December 31, 2020, respectively. The Company assigns an internal risk rating to each syndicated loan in its portfolio ranging from 1 through 5, with 5 reflecting the lowest quality.

The tables below present the amortized cost basis of syndicated loans by origination year and internal risk rating:

	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Internal Risk Rating	(in millions)						
Risk 5	$ —	$ —	$ —	$ —	$ —	$ 3	$ 3
Risk 4	—	—	—	2	6	7	15
Risk 3	—	2	8	14	18	36	78
Risk 2	5	27	51	56	69	45	253
Risk 1	4	19	28	47	55	59	212
Total	$ 9	$ 48	$ 87	$ 119	$ 148	$ 150	$ 561

	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
Internal Risk Rating	(in millions)						
Risk 5	$ —	$ —	$ —	$ —	$ —	$ 3	$ 3
Risk 4	—	—	4	9	—	10	23
Risk 3	—	9	8	25	13	25	80
Risk 2	30	57	62	69	14	41	273
Risk 1	17	32	47	58	22	40	216
Total	$ 47	$ 98	$ 121	$ 161	$ 49	$ 119	$ 595

Financial Advisor Loans

The Company offers loans to financial advisors for transitional cost assistance. Repayment of the loan is highly dependent on the retention of the financial advisor. In the event a financial advisor is no longer affiliated with the Company, any unpaid balances become immediately due. Accordingly, the primary risk factor for advisor loans is termination status. The allowance for credit losses related to loans to advisors that have terminated their relationship with the Company was $8 million and $7 million as of March 31, 2021 and December 31, 2020, respectively.

The tables below present the amortized cost basis of advisor loans by origination year and termination status:

	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
Termination Status	(in millions)						
Active	$ 37	$ 165	$ 132	$ 97	$ 125	$ 154	$ 710
Terminated	1	—	—	1	1	9	12
Total	$ 38	$ 165	$ 132	$ 98	$ 126	$ 163	$ 722

	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
Termination Status	(in millions)						
Active	$ 171	$ 137	$ 101	$ 127	$ 83	$ 86	$ 705
Terminated	—	—	—	1	1	8	10
Total	$ 171	$ 137	$ 101	$ 128	$ 84	$ 94	$ 715

Consumer Loans

Credit Card Receivables

The credit cards are co-branded with Ameriprise Financial, Inc. and issued to the Company's customers by a third party. FICO scores and delinquency rates are the primary credit quality indicators for the credit card portfolio. Delinquency rates are measured based on the number of days past due. Credit card receivables over 30 days past due were 1% of total credit card receivables as of both March 31, 2021 and December 31, 2020.

The table below presents the amortized cost basis of credit card receivables by FICO score:

	March 31, 2021	December 31, 2020
	(in millions)	
> 800	$ 25	$ 28
750 - 799	21	23
700 - 749	24	25
650 - 699	15	15
< 650	5	5
Total	$ 90	$ 96

Policy Loans

Policy loans do not exceed the cash surrender value at origination. As there is minimal risk of loss related to policy loans, there is no allowance for credit losses.

Margin Loans

The margin loans balance was $1.1 billion and $1.0 billion as of March 31, 2021 and December 31, 2020, respectively. The Company monitors collateral supporting margin loans and requests additional collateral when necessary in order to mitigate the risk of loss. As of both March 31, 2021 and December 31, 2020, the allowance for credit losses on margin loans was not material.

Pledged Asset Lines of Credit

The pledged asset lines of credit balance was $274 million and $224 million as of March 31, 2021 and December 31, 2020, respectively. The Company monitors collateral supporting pledged asset lines of credit and requests additional collateral when necessary in order to mitigate the risk of loss. As of March 31, 2021 and December 31, 2020, there was no allowance for credit losses on pledged asset lines of credit.

Deposit Receivable

The deposit receivable was $1.4 billion as of both March 31, 2021 and December 31, 2020. The deposit receivable is fully collateralized by the fair value of the assets held in a trust. Based on management's evaluation of the nature of the underlying assets and the potential for changes in the collateral value, there was no allowance for credit losses for the deposit receivable as of both March 31, 2021 and December 31, 2020.

Troubled Debt Restructurings

There were no loans accounted for as a troubled debt restructuring by the Company during the three months ended March 31, 2021 and 2020. There are no commitments to lend additional funds to borrowers whose loans have been restructured.

7. Deferred Acquisition Costs and Deferred Sales Inducement Costs

The balances of and changes in DAC were as follows:

	2021	2020
	(in millions)	
Balance at January 1	$ 2,532	$ 2,698
Capitalization of acquisition costs	65	60
Amortization	(5)	(512)
Impact of change in net unrealized (gains) losses on securities	93	118
Balance at March 31	$ 2,685	$ 2,364

The balances of and changes in DSIC, which is included in other assets, were as follows:

	2021	2020
	(in millions)	
Balance at January 1	$ 189	$ 218
Amortization	(3)	(36)
Impact of change in net unrealized (gains) losses on securities	4	15
Balance at March 31	$ 190	$ 197

8. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities

Policyholder account balances, future policy benefits and claims consisted of the following:

	March 31, 2021	December 31, 2020
	(in millions)	
Policyholder account balances		
Fixed annuities [1]	$ 8,401	$ 8,531
Variable annuity fixed sub-accounts	5,075	5,104
Universal life ("UL")/variable universal life ("VUL") insurance	3,110	3,122
Indexed universal life ("IUL") insurance	2,336	2,269
Structured variable annuities	2,027	1,371
Other life insurance	597	605
Total policyholder account balances	21,546	21,002
Future policy benefits		
Variable annuity guaranteed minimum withdrawal benefits ("GMWB")	1,479	3,049
Variable annuity guaranteed minimum accumulation benefits ("GMAB") [2]	(22)	1
Other annuity liabilities	173	211
Fixed annuity life contingent liabilities	1,346	1,370
Life and disability income insurance	1,179	1,187
Long term care insurance	5,558	5,722
UL/VUL and other life insurance additional liabilities	1,244	1,259
Total future policy benefits	10,957	12,799
Policy claims and other policyholders' funds	199	191
Total policyholder account balances, future policy benefits and claims	$ 32,702	$ 33,992

[1] Includes fixed deferred annuities, non-life contingent fixed payout annuities and fixed deferred indexed annuity host contracts.
[2] Includes the fair value of GMAB embedded derivatives that was a net asset as of March 31, 2021 reported as a contra liability.

Separate account liabilities consisted of the following:

	March 31, 2021	December 31, 2020
	(in millions)	
Variable annuity	$ 79,862	$ 79,299
VUL insurance	8,539	8,226
Other insurance	32	31
Threadneedle investment liabilities	5,050	5,055
Total	$ 93,483	$ 92,611

9. Variable Annuity and Insurance Guarantees

The majority of the variable annuity contracts offered by the Company contain guaranteed minimum death benefit ("GMDB") provisions. The Company also offers variable annuities with death benefit provisions that gross up the amount payable by a certain percentage of contract earnings, which are referred to as gain gross-up ("GGU") benefits. In addition, the Company offers contracts with GMWB and GMAB provisions. The Company previously offered contracts containing guaranteed minimum income benefit ("GMIB") provisions.

Certain UL policies offered by the Company provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

The following table provides information related to variable annuity guarantees for which the Company has established additional liabilities:

Variable Annuity Guarantees by Benefit Type [1]	March 31, 2021				December 31, 2020			
	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk	Weighted Average Attained Age	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk	Weighted Average Attained Age
	(in millions, except age)							
GMDB:								
Return of premium	$ 67,317	$ 65,396	$ 7	68	$ 66,874	$ 64,932	$ 5	68
Five/six-year reset	8,211	5,486	7	68	8,116	5,386	6	68
One-year ratchet	6,093	5,765	13	71	6,094	5,763	8	71
Five-year ratchet	1,437	1,383	1	67	1,436	1,381	—	67
Other	1,267	1,249	45	74	1,261	1,243	45	73
Total — GMDB	$ 84,325	$ 79,279	$ 73	68	$ 83,781	$ 78,705	$ 64	68
GGU death benefit	$ 1,196	$ 1,139	$ 168	72	$ 1,183	$ 1,126	$ 162	71
GMIB	$ 187	$ 174	$ 5	71	$ 187	$ 173	$ 6	71
GMWB:								
GMWB	$ 1,949	$ 1,944	$ 1	74	$ 1,972	$ 1,967	$ 1	74
GMWB for life	50,389	50,316	209	69	50,142	50,057	185	69
Total — GMWB	$ 52,338	$ 52,260	$ 210	69	$ 52,114	$ 52,024	$ 186	69
GMAB	$ 2,187	$ 2,186	$ —	61	$ 2,291	$ 2,291	$ —	61

[1] Individual variable annuity contracts may have more than one guarantee and therefore may be included in more than one benefit type. Variable annuity contracts for which the death benefit equals the account value are not shown in this table.

The net amount at risk for GMDB, GGU and GMAB is defined as the current guaranteed benefit amount in excess of the current contract value. The net amount at risk for GMIB is defined as the greater of the present value of the minimum guaranteed annuity payments less the current contract value or zero. The net amount at risk for GMWB is defined as the greater of the present value of the minimum guaranteed withdrawal payments less the current contract value or zero.

The following table provides information related to insurance guarantees for which the Company has established additional liabilities:

	March 31, 2021		December 31, 2020	
	Net Amount at Risk	Weighted Average Attained Age	Net Amount at Risk	Weighted Average Attained Age
	(in millions, except age)			
UL secondary guarantees	$ 6,573	67	$ 6,587	67

The net amount at risk for UL secondary guarantees is defined as the current guaranteed death benefit amount in excess of the current policyholder account balance.

Changes in additional liabilities (contra liabilities) for variable annuity and insurance guarantees were as follows:

	GMDB & GGU	GMIB	GMWB[1]	GMAB[1]	UL
	(in millions)				
Balance at January 1, 2020	$ 16	$ 7	$ 1,462	$ (39)	$ 758
Incurred claims	5	2	2,437	127	32
Paid claims	(2)	—	—	—	(12)
Balance at March 31, 2020	$ 19	$ 9	$ 3,899	$ 88	$ 778
Balance at January 1, 2021	$ 24	$ 6	$ 3,049	$ 1	$ 916
Incurred claims	3	—	(1,570)	(23)	32
Paid claims	(1)	—	—	—	(8)
Balance at March 31, 2021	$ 26	$ 6	$ 1,479	$ (22)	$ 940

[1] The incurred claims for GMWB and GMAB include the change in the fair value of the liabilities (contra liabilities) less paid claims.

The liabilities for guaranteed benefits are supported by general account assets.

The following table summarizes the distribution of separate account balances by asset type for variable annuity contracts providing guaranteed benefits:

	March 31, 2021	December 31, 2020
	(in millions)	
Mutual funds:		
Equity	$ 46,823	$ 45,947
Bond	25,614	26,073
Other	7,060	6,911
Total mutual funds	$ 79,497	$ 78,931

10. Debt

The balances and the stated interest rates of outstanding debt of Ameriprise Financial were as follows:

	Outstanding Balance		Stated Interest Rate	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
Long-term debt:				
Senior notes due 2022	$ 500	$ 500	3.0 %	3.0 %
Senior notes due 2023	750	750	4.0	4.0
Senior notes due 2024	550	550	3.7	3.7
Senior notes due 2025	500	500	3.0	3.0
Senior notes due 2026	500	500	2.9	2.9
Finance lease liabilities	46	44	N/A	N/A
Other	(12)	(13)	N/A	N/A
Total long-term debt	2,834	2,831		
Short-term borrowings:				
Federal Home Loan Bank (“FHLB”) advances	200	200	0.3	0.4
Total	$ 3,034	$ 3,031		

Long-Term Debt

The Company’s senior notes may be redeemed, in whole or in part, at any time prior to maturity at a price equal to the greater of the principal amount and the present value of remaining scheduled payments, discounted to the redemption date, plus accrued interest.

Short-term Borrowings

The Company’s life insurance and bank subsidiaries are members of the FHLB of Des Moines which provides access to collateralized borrowings. The Company has pledged Available-for-Sale securities consisting of commercial mortgage backed securities and residential mortgage backed securities as collateral to access these borrowings. The fair value of the securities pledged is recorded in investments and was $1.2 billion and $1.3 billion, of commercial mortgage backed securities, and $535 million and $604 million, of residential mortgage backed securities, as of March 31, 2021 and December 31, 2020, respectively. The remaining maturity of outstanding FHLB advances was less than 2 months as of March 31, 2021 and less than 3 months as of December 31, 2020. The stated interest rate of the FHLB advances is a weighted average annualized interest rate on outstanding borrowings as of the balance sheet date.

The Company has an amended and restated credit agreement that provides for an unsecured revolving credit facility of up to $750 million that expires in October 2022. Under the terms of the credit agreement for the facility, the Company may increase the amount of this facility up to $1.0 billion upon satisfaction of certain approval requirements. As of both March 31, 2021 and December 31, 2020, the Company had no borrowings outstanding and had $1 million of letters of credit issued against the facility. The Company’s credit facility contains various administrative, reporting, legal and financial covenants. The Company was in compliance with all such covenants as of both March 31, 2021 and December 31, 2020.

11. Fair Values of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company’s valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following tables present the balances of assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$ 1,875	$ 2,599	$ —	$ 4,474
Available-for-Sale securities:				
Corporate debt securities	—	12,491	812	13,303
Residential mortgage backed securities	—	9,955	87	10,042
Commercial mortgage backed securities	—	6,037	—	6,037
Asset backed securities	—	3,455	30	3,485
State and municipal obligations	—	1,298	—	1,298
U.S. government and agency obligations	1,326	—	—	1,326
Foreign government bonds and obligations	—	247	—	247
Other securities	—	94	—	94
Total Available-for-Sale securities	1,326	33,577	929	35,832
Investments at net asset value ("NAV")				8 (1)
Trading and other securities	61	17	—	78
Separate account assets at NAV				93,483 (1)
Investments and cash equivalents segregated for regulatory purposes	815	—	—	815
Other assets:				
Interest rate derivative contracts	—	1,003	—	1,003
Equity derivative contracts	334	3,609	—	3,943
Credit derivative contracts	—	26	—	26
Foreign exchange derivative contracts	1	17	—	18
Total other assets	335	4,655	—	4,990
Total assets at fair value	$ 4,412	$ 40,848	$ 929	$ 139,680
Liabilities				
Policyholder account balances, future policy benefits and claims:				
Fixed deferred indexed annuity embedded derivatives	$ —	$ 4	$ 52	$ 56
IUL embedded derivatives	—	—	949	949
GMWB and GMAB embedded derivatives	—	—	715	715 (2)
Structured variable annuity embedded derivatives	—	—	124	124
Total policyholder account balances, future policy benefits and claims	—	4	1,840	1,844 (3)
Customer deposits	—	7	—	7
Other liabilities:				
Interest rate derivative contracts	1	485	—	486
Equity derivative contracts	149	3,204	—	3,353
Foreign exchange derivative contracts	1	5	—	6
Other	3	7	43	53
Total other liabilities	154	3,701	43	3,898
Total liabilities at fair value	$ 154	$ 3,712	$ 1,883	$ 5,749

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$ 2,935	$ 2,506	$ —	$ 5,441
Available-for-Sale securities:				
Corporate debt securities	—	12,902	772	13,674
Residential mortgage backed securities	—	10,020	9	10,029
Commercial mortgage backed securities	—	6,088	—	6,088
Asset backed securities	—	3,297	32	3,329
State and municipal obligations	—	1,384	—	1,384
U.S. government and agency obligations	1,456	—	—	1,456
Foreign government bonds and obligations	—	262	—	262
Other securities	—	61	—	61
Total Available-for-Sale securities	1,456	34,014	813	36,283
Investments at NAV				$ 8 [1]
Trading and other securities	61	27	—	$ 88
Separate account assets at NAV				92,611 [1]
Investments and cash equivalents segregated for regulatory purposes	600	—	—	600
Other assets:				
Interest rate derivative contracts	1	1,754	—	1,755
Equity derivative contracts	408	3,682	—	4,090
Credit derivative contracts	—	2	—	2
Foreign exchange derivative contracts	1	22	—	23
Total other assets	410	5,460	—	5,870
Total assets at fair value	$ 5,462	$ 42,007	$ 813	$ 140,901
Liabilities				
Policyholder account balances, future policy benefits and claims:				
Fixed deferred indexed annuity embedded derivatives	$ —	$ 3	$ 49	$ 52
IUL embedded derivatives	—	—	935	935
GMWB and GMAB embedded derivatives	—	—	2,316	2,316 [4]
Structured variable annuity embedded derivatives	—	—	70	70
Total policyholder account balances, future policy benefits and claims	—	3	3,370	3,373 [5]
Customer deposits	—	8	—	8
Other liabilities:				
Interest rate derivative contracts	—	734	—	734
Equity derivative contracts	183	3,388	—	3,571
Credit derivative contracts	—	1	—	1
Foreign exchange derivative contracts	2	4	—	6
Other	2	3	43	48
Total other liabilities	187	4,130	43	4,360
Total liabilities at fair value	$ 187	$ 4,141	$ 3,413	$ 7,741

[1] Amounts are comprised of certain financial instruments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy.
[2] The fair value of the GMWB and GMAB embedded derivatives included $980 million of individual contracts in a liability position and $265 million of individual contracts in an asset position(recorded as a contra liability) as of March 31, 2021.
[3] The Company's adjustment for nonperformance risk resulted in a $500 million cumulative decrease to the embedded derivatives as of March 31, 2021.
[4] The fair value of the GMWB and GMAB embedded derivatives included $2.4 billion of individual contracts in a liability position and $67 million of individual contracts in an asset position (recorded as a contra liability) as of December 31, 2020.
[5] The Company's adjustment for nonperformance risk resulted in a $727 million cumulative decrease to the embedded derivatives as of December 31, 2020.

The following tables provide a summary of changes in Level 3 assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	Available-for-Sale Securities			
	Corporate Debt Securities	Residential Mortgage Backed Securities	Asset Backed Securities	Total
	(in millions)			
Balance, January 1, 2021	$ 772	$ 9	$ 32	$ 813
Total gains (losses) included in:				
Net income	—	—	(1)	(1) [1]
Other comprehensive income (loss)	(5)	—	—	(5)
Purchases	46	78	—	124
Settlements	(1)	—	(1)	(2)
Balance, March 31, 2021	$ 812	$ 87	$ 30	$ 929
Changes in unrealized gains (losses) in net income relating to assets held at March 31, 2021	$ —	$ —	$ (1)	$ (1) [1]
Changes in unrealized gains (losses) in other comprehensive income (loss) relating to assets held at March 31, 2021	$ (5)	$ —	$ —	$ (5)

	Policyholder Account Balances, Future Policy Benefits and Claims					
	Fixed Deferred Indexed Annuity Embedded Derivatives	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Structured Variable Annuity Embedded Derivatives	Total	Other Liabilities
	(in millions)					
Balance, January 1, 2021	$ 49	$ 935	$ 2,316	$ 70	$ 3,370	$ 43
Total (gains) losses included in:						
Net income	4 [2]	29 [2]	(1,729) [3]	75 [3]	(1,621)	— [4]
Issues	—	5	90	(15)	80	2
Settlements	(1)	(20)	38	(6)	11	(2)
Balance, March 31, 2021	$ 52	$ 949	$ 715	$ 124	$ 1,840	$ 43
Changes in unrealized (gains) losses in net income relating to liabilities held at March 31, 2021	$ —	$ 29 [2]	$ (1,705) [3]	$ —	$ (1,676)	$ —

	Available-for-Sale Securities			
	Corporate Debt Securities	Residential Mortgage Backed Securities	Asset Backed Securities	Total
	(in millions)			
Balance, January 1, 2020	$ 750	$ 17	$ 19	$ 786
Total gains (losses) included in:				
Net income	—	—	(1)	(1) [1]
Other comprehensive income (loss)	(6)	—	(1)	(7)
Purchases	5	—	—	5
Settlements	(15)	—	—	(15)
Balance, March 31, 2020	$ 734	$ 17	$ 17	$ 768
Changes in unrealized gains (losses) in net income relating to assets held at March 31, 2020	$ —	$ —	$ (1)	$ (1) [1]
Changes in unrealized gains (losses) in other comprehensive income (loss) relating to assets held at March 31, 2020	$ (6)	$ —	$ (1)	$ (7)

	Policyholder Account Balances, Future Policy Benefits and Claims					
	Fixed Deferred Indexed Annuity Embedded Derivatives	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Structured Annuity Embedded Derivatives	Total	Other Liabilities
	(in millions)					
Balance, January 1, 2020	$ 43	$ 881	$ 763	$ —	$ 1,687	$ 44
Total (gains) losses included in:						
Net income	(12) [2]	(145) [2]	2,420 [3]	(3) [3]	2,260	(2) [4]
Issues	2	8	88	(6)	92	2
Settlements	—	(19)	5	—	(14)	(2)
Balance, March 31, 2020	$ 33	$ 725	$ 3,276	$ (9)	$ 4,025	$ 42
Changes in unrealized (gains) losses in net income relating to liabilities held at March 31, 2020	$ —	$ (145) [2]	$ 2,423 [3]	$ —	$ 2,278	$ —

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in interest credited to fixed accounts in the Consolidated Statements of Operations.
[3] Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.
[4] Included in general and administrative expense in the Consolidated Statements of Operations.

The increase (decrease) to pretax income of the Company's adjustment for nonperformance risk on the fair value of its embedded derivatives was $(167) million and $1.8 billion, net of DAC, DSIC, unearned revenue amortization and the reinsurance accrual, for the three months ended March 31, 2021 and 2020, respectively.

Securities transferred from Level 3 primarily represent securities with fair values that are now obtained from a third-party pricing service with observable inputs.

The following tables provide a summary of the significant unobservable inputs used in the fair value measurements developed by the Company or reasonably available to the Company of Level 3 assets and liabilities:

	March 31, 2021				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	(in millions)				
Corporate debt securities (private placements)	$ 812	Discounted cash flow	Yield/spread to U.S. Treasuries [1]	0.9 % – 2.9%	1.3%
Asset backed securities	$ 1	Discounted cash flow	Annual short-term default rate [2]	5.5%	5.5%
			Annual long-term default rate [2]	4.0%	4.0%
			Discount rate	13.0%	13.0%
			Constant prepayment rate	10.0%	10.0%
			Loss recovery	63.6%	63.6%
IUL embedded derivatives	$ 949	Discounted cash flow	Nonperformance risk [3]	65 bps	65 bps
Fixed deferred indexed annuity embedded derivatives	$ 52	Discounted cash flow	Surrender rate [4]	0.0 % – 50.0%	1.6%
			Nonperformance risk [3]	65 bps	65 bps
GMWB and GMAB embedded derivatives	$ 715	Discounted cash flow	Utilization of guaranteed withdrawals [5] [6]	0.0 % – 48.0%	10.6%
			Surrender rate [4]	0.1 % – 73.5%	3.9%
			Market volatility [7] [8]	4.2 % – 17.0%	10.8%
			Nonperformance risk [3]	65 bps	65 bps
Structured variable annuity embedded derivatives	$ 124	Discounted cash flow	Surrender rate [4]	0.8 % – 40.0%	0.9%
			Nonperformance risk [3]	65 bps	65 bps
Contingent consideration liabilities	$ 43	Discounted cash flow	Discount rate [9]	0.0 % – 9.0%	3.2%

	December 31, 2020				
	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average
	(in millions)				
Corporate debt securities (private placements)	$ 772	Discounted cash flow	Yield/spread to U.S. Treasuries [1]	1.0 % – 3.3%	1.5%
Asset backed securities	$ 3	Discounted cash flow	Annual short-term default rate [2]	2.9% – 3.0%	2.9%
			Annual long-term default rate [2]	3.5% – 4.5%	3.8%
			Discount rate	13.0%	13.0%
			Constant prepayment rate	10.0%	10.0%
			Loss recovery	63.6%	63.6%
IUL embedded derivatives	$ 935	Discounted cash flow	Nonperformance risk [3]	65 bps	65 bps
Fixed deferred indexed annuity embedded derivatives	$ 49	Discounted cash flow	Surrender rate [4]	0.0 % – 50.0%	1.2%
			Nonperformance risk [3]	65 bps	65 bps
GMWB and GMAB embedded derivatives	$ 2,316	Discounted cash flow	Utilization of guaranteed withdrawals [5] [6]	0.0 % – 48.0%	10.6%
			Surrender rate [4]	0.1 % – 73.5%	3.8%
			Market volatility [7] [8]	4.3 % – 17.1%	11.0%
			Nonperformance risk [3]	65 bps	65 bps
Structured variable annuity embedded derivatives	$ 70	Discounted cash flow	Surrender rate [4]	0.8 % – 40.0%	0.9%
			Nonperformance risk [3]	65 bps	65 bps
Contingent consideration liabilities	$ 43	Discounted cash flow	Discount rate [9]	0.0% – 9.0%	3.1%

[1] The weighted average for the spread to U.S. Treasuries for corporate debt securities (private placements) is weighted based on the security's market value as a percentage of the aggregate market value of the securities.
[2] The weighted average annual default rates of asset backed securities is weighted based on the security's market value as a percentage of the aggregate market value of the securities.
[3] The nonperformance risk is the spread added to the observable interest rates used in the valuation of the embedded derivatives.
[4] The weighted average surrender rate is weighted based on the benefit base of each contract and represents the average assumption in the current year including the effect of a dynamic surrender formula.
[5] The utilization of guaranteed withdrawals represents the percentage of contractholders that will begin withdrawing in any given year.
[6] The weighted average utilization rate represents the average assumption for the current year, weighting each policy evenly. The calculation excludes policies that have already started taking withdrawals.
[7] Market volatility is implied volatility of fund of funds and managed volatility funds.
[8] The weighted average market volatility represents the average volatility across all contracts, weighted by the size of the guaranteed benefit.
[9] The weighted average discount rate represents the average discount rate across all contingent consideration liabilities, weighted based on the size of the contingent consideration liability.

Level 3 measurements not included in the table above are obtained from non-binding broker quotes where unobservable inputs utilized in the fair value calculation are not reasonably available to the Company.

Uncertainty of Fair Value Measurements

Significant increases (decreases) in the yield/spread to U.S. Treasuries used in the fair value measurement of Level 3 corporate debt securities in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in the annual default rate and discount rate used in the fair value measurement of Level 3 asset backed securities in isolation, generally, would have resulted in a significantly lower (higher) fair value measurement and significant increases (decreases) in loss recovery in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in the constant prepayment rate in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk used in the fair value measurement of the IUL embedded derivatives in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk and surrender rate used in the fair value measurements of the fixed deferred indexed annuity embedded derivatives and structured variable annuity embedded derivatives in isolation would have resulted in a significantly lower (higher) liability value.

Significant increases (decreases) in utilization and volatility used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would have resulted in a significantly higher (lower) liability value.

Significant increases (decreases) in nonperformance risk and surrender rate used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would have resulted in a significantly lower (higher) liability value. Utilization of guaranteed withdrawals and surrender rates vary with the type of rider, the duration of the policy, the age of the contractholder, the distribution channel and whether the value of the guaranteed benefit exceeds the contract accumulation value.

Significant increases (decreases) in the discount rate used in the fair value measurement of the contingent consideration liability in isolation would have resulted in a significantly lower (higher) fair value measurement.

Determination of Fair Value

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company's income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Assets

Cash Equivalents

Cash equivalents include time deposits and other highly liquid investments with original or remaining maturities at the time of purchase of 90 days or less. Actively traded money market funds are measured at their NAV and classified as Level 1. U.S. Treasuries are also classified as Level 1. The Company's remaining cash equivalents are classified as Level 2 and measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments (Available-for-Sale Securities, Equity Securities and Trading Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from third-party pricing services, non-binding broker quotes, or other model-based valuation techniques.

Level 1 securities primarily include U.S. Treasuries.

Level 2 securities primarily include corporate bonds, residential mortgage backed securities, commercial mortgage backed securities, asset backed securities, state and municipal obligations and foreign government securities. The fair value of these Level 2 securities is based on a market approach with prices obtained from third-party pricing services. Observable inputs used to value these securities can include, but are not limited to, reported trades, benchmark yields, issuer spreads and non-binding broker quotes.

Level 3 securities primarily include certain corporate bonds, non-agency residential mortgage backed securities, commercial mortgage backed securities and asset backed securities with fair value typically based on a single non-binding broker quote. The underlying inputs used for some of the non-binding broker quotes are not readily available to the Company. The Company's privately placed corporate bonds are typically based on a single non-binding broker quote. The fair value of certain asset backed securities is determined using a discounted cash flow model. Inputs used to determine the expected cash flows include assumptions about discount rates and default, prepayment and recovery rates of the underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the fair value of the investment in certain asset backed securities is classified as Level 3.

In consideration of the above, management is responsible for the fair values recorded on the financial statements. Prices received from third-party pricing services are subjected to exception reporting that identifies investments with significant daily price movements as well as no movements. The Company reviews the exception reporting and resolves the exceptions through reaffirmation of the price or recording an appropriate fair value estimate. The Company also performs subsequent transaction testing. The Company performs annual due diligence of third-party pricing services. The Company's due diligence procedures include assessing the vendor's valuation qualifications, control environment, analysis of asset-class specific valuation methodologies, and understanding of sources of market observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. The Company also considers the results of its exception reporting controls and any resulting price challenges that arise.

Separate Account Assets

The fair value of assets held by separate accounts is determined by the NAV of the funds in which those separate accounts are invested. The NAV is used as a practical expedient for fair value and represents the exit price for the separate account. Separate account assets are excluded from classification in the fair value hierarchy.

Investments and Cash Equivalents Segregated for Regulatory Purposes

Investments and cash equivalents segregated for regulatory purposes includes U.S. Treasuries that are classified as Level 1.

Other Assets

Derivatives that are measured using quoted prices in active markets, such as derivatives that are exchange-traded are classified as Level 1 measurements. The variation margin on futures contracts is also classified as Level 1. The fair value of derivatives that are traded in less active over-the-counter ("OTC") markets is generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps, foreign currency forwards and the majority of options. The counterparties' nonperformance risk associated with uncollateralized derivative assets was immaterial as of both March 31, 2021 and December 31, 2020. See Note 12 and Note 13 for further information on the credit risk of derivative instruments and related collateral.

Liabilities

Policyholder Account Balances, Future Policy Benefits and Claims

There is no active market for the transfer of the Company's embedded derivatives attributable to the provisions of certain variable annuity riders, fixed deferred indexed annuity, structured variable annuity and IUL products.

The Company values the embedded derivatives attributable to the provisions of certain variable annuity riders using internal valuation models. These models calculate fair value as the present value of future expected benefit payments less the present value of future expected rider fees attributable to the embedded derivative feature. The projected cash flows used by these models include observable capital market assumptions and incorporate significant unobservable inputs related to implied volatility as well as contractholder behavior assumptions that include margins for risk, all of which the Company believes a market participant would expect. The fair value also reflects a current estimate of the Company's nonperformance risk specific to these embedded derivatives. Given the significant unobservable inputs to this valuation, these measurements are classified as Level 3. The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

The Company uses a discounted cash flow model to determine the fair value of the embedded derivatives associated with the provisions of its equity index annuity product. The projected cash flows generated by this model are based on significant observable inputs related to interest rates, volatilities and equity index levels and, therefore, are classified as Level 2.

The Company uses discounted cash flow models including Black-Scholes calculations to determine the fair value of the embedded derivatives associated with the provisions of its fixed deferred indexed annuity, structured variable annuity and IUL products. The structured variable annuity product is a limited flexible purchase payment annuity that offers 45 different indexed account options providing equity market exposure and a fixed account. Each indexed account includes a protection option (a buffer or a floor). If the index has a negative return, contractholder losses will be reduced by buffer or limited to a floor. The portion allocated to an indexed account is accounted for as an embedded derivative. The fair value of fixed deferred indexed annuity, structured variable annuity and IUL embedded derivatives includes significant observable interest rates, volatilities and equity index levels and the significant unobservable estimate of the Company's nonperformance risk. Given the significance of the nonperformance risk assumption to the fair value, the fixed deferred indexed annuity, structured variable annuity and IUL embedded derivatives are classified as Level 3.

The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

Customer Deposits

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates ("SMC"). The inputs to these calculations are primarily market observable and include interest rates, volatilities and equity index levels. As a result, these measurements are classified as Level 2.

Other Liabilities

Derivatives that are measured using quoted prices in active markets, such as derivatives that are exchange-traded are classified as Level 1 measurements. The variation margin on futures contracts is also classified as Level 1. The fair value of derivatives that are traded in less active OTC markets is generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps, foreign currency forwards and the majority of options. The Company's nonperformance risk associated with uncollateralized derivative liabilities was immaterial as of both March 31, 2021 and December 31, 2020. See Note 12 and Note 13 for further information on the credit risk of derivative instruments and related collateral.

Securities sold but not yet purchased represent obligations of the Company to deliver specified securities that it does not yet own, creating a liability to purchase the security in the market at prevailing prices. When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from nationally-recognized pricing services, or other model-based valuation techniques such as the present value of cash flows. Level 1 securities sold but not yet purchased primarily include U.S Treasuries traded in active markets. Level 2 securities sold but not yet purchased primarily include corporate bonds.

Contingent consideration liabilities consist of earn-outs and/or deferred payments related to the Company's acquisitions. Contingent consideration liabilities are recorded at fair value using a discounted cash flow model using an unobservable input (discount rate). Given the use of a significant unobservable input, the fair value of contingent consideration liabilities is classified as Level 3 within the fair value hierarchy.

Fair Value on a Nonrecurring Basis

The Company assesses its investment in affordable housing partnerships for impairment. The investments that are determined to be impaired are written down to their fair value. The Company uses a discounted cash flow model to measure the fair value of these investments. Inputs to the discounted cash flow model are estimates of future net operating losses and tax credits available to the Company and discount rates based on market condition and the financial strength of the syndicator (general partner). The balance of affordable housing partnerships measured at fair value on a nonrecurring basis was $97 million and $101 million as of March 31, 2021 and December 31, 2020, respectively, and is classified as Level 3 in the fair value hierarchy.

Asset and Liabilities Not Reported at Fair Value

The following tables provide the carrying value and the estimated fair value of financial instruments that are not reported at fair value:

	March 31, 2021				
		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
	(in millions)				
Financial Assets					
Mortgage loans, net	$ 2,684	$ —	$ 22	$ 2,751	$ 2,773
Policy loans	838	—	838	—	838
Receivables	3,748	257	1,337	2,340	3,934
Restricted and segregated cash	1,699	1,699	—	—	1,699
Other investments and assets	694	—	633	61	694
Financial Liabilities					
Policyholder account balances, future policy benefits and claims	$ 10,499	$ —	$ —	$ 11,630	$ 11,630
Investment certificate reserves	6,251	—	—	6,248	6,248
Banking and brokerage deposits	11,370	11,370	—	—	11,370
Separate account liabilities — investment contracts	5,420	—	5,420	—	5,420
Debt and other liabilities	3,331	322	3,199	11	3,532

	December 31, 2020				
		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
	(in millions)				
Financial Assets					
Mortgage loans, net	$ 2,718	$ —	$ 22	$ 2,852	$ 2,874
Policy loans	846	—	846	—	846
Receivables	3,563	147	1,258	2,398	3,803
Restricted and segregated cash	1,958	1,958	—	—	1,958
Other investments and assets	732	—	672	62	734
Financial Liabilities					
Policyholder account balances, future policy benefits and claims	$ 9,990	$ —	$ —	$ 11,686	$ 11,686
Investment certificate reserves	6,752	—	—	6,752	6,752
Banking and brokerage deposits	10,891	10,891	—	—	10,891
Separate account liabilities — investment contracts	5,406	—	5,406	—	5,406
Debt and other liabilities	3,214	205	3,253	11	3,469

Receivables include the deposit receivable, brokerage margin loans, securities borrowed, pledged asset lines of credit, and loans to financial advisors. Restricted and segregated cash includes cash segregated under federal and other regulations held in special reserve bank accounts for the exclusive benefit of the Company's brokerage customers. Other investments and assets primarily include syndicated loans, credit card receivables, certificate of deposits with original or remaining maturities at the time of purchase of more

than 90 days, the Company's membership in the FHLB and investments related to the Community Reinvestment Act. See Note 6 for additional information on mortgage loans, policy loans, syndicated loans, credit card receivables and the deposit receivable.

Policyholder account balances, future policy benefits and claims include fixed annuities in deferral status, non-life contingent fixed annuities in payout status, indexed and structured variable annuity host contracts, and the fixed portion of a small number of variable annuity contracts classified as investment contracts. See Note 8 for additional information on these liabilities. Investment certificate reserves represent customer deposits for fixed rate certificates and stock market certificates. Banking and brokerage deposits are amounts payable to customers related to free credit balances, funds deposited by customers and funds accruing to customers as a result of trades or contracts. Separate account liabilities are primarily investment contracts in pooled pension funds offered by Threadneedle. Debt and other liabilities include the Company's long-term debt, short-term borrowings, securities loaned and future funding commitments to affordable housing partnerships and other real estate partnerships. See Note 10 for further information on the Company's long-term debt and short-term borrowings.

12. Offsetting Assets and Liabilities

Certain financial instruments and derivative instruments are eligible for offset in the Consolidated Balance Sheets. The Company's derivative instruments and securities borrowing and lending agreements are subject to master netting and collateral arrangements and qualify for offset. A master netting arrangement with a counterparty creates a right of offset for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. Securities borrowed and loaned result from transactions between the Company's broker dealer subsidiary and other financial institutions and are recorded at the amount of cash collateral advanced or received. Securities borrowed and securities loaned are primarily equity securities. The Company's securities borrowed and securities loaned transactions generally do not have a fixed maturity date and may be terminated by either party under customary terms.

The Company's policy is to recognize amounts subject to master netting arrangements on a gross basis in the Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's assets subject to master netting arrangements:

	March 31, 2021						
				Gross Amounts Not Offset in the Consolidated Balance Sheets			
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Financial Instruments [1]	Cash Collateral	Securities Collateral	Net Amount
	(in millions)						
Derivatives:							
OTC	$ 4,704	$ —	$ 4,704	$ (3,365)	$ (1,078)	$ (252)	$ 9
OTC cleared	39	—	39	(39)	—	—	—
Exchange-traded	247	—	247	(108)	(133)	—	6
Total derivatives	4,990	—	4,990	(3,512)	(1,211)	(252)	15
Securities borrowed	257	—	257	(23)	—	(228)	6
Total	$ 5,247	$ —	$ 5,247	$ (3,535)	$ (1,211)	$ (480)	$ 21

	December 31, 2020						
				Gross Amounts Not Offset in the Consolidated Balance Sheets			
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Financial Instruments [1]	Cash Collateral	Securities Collateral	Net Amount
	(in millions)						
Derivatives:							
OTC	$ 5,501	$ —	$ 5,501	$ (3,862)	$ (1,287)	$ (315)	$ 37
OTC cleared	58	—	58	(25)	—	—	33
Exchange-traded	311	—	311	(91)	(165)	—	55
Total derivatives	5,870	—	5,870	(3,978)	(1,452)	(315)	125
Securities borrowed	147	—	147	(43)	—	(103)	1
Total	$ 6,017	$ —	$ 6,017	$ (4,021)	$ (1,452)	$ (418)	$ 126

[1] Represents the amount of assets that could be offset by liabilities with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's liabilities subject to master netting arrangements:

	March 31, 2021						
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount
				Financial Instruments [1]	Cash Collateral	Securities Collateral	
	(in millions)						
Derivatives:							
OTC	$ 3,657	$ —	$ 3,657	$ (3,365)	$ (15)	$ (258)	$ 19
OTC cleared	76	—	76	(39)	—	—	37
Exchange-traded	112	—	112	(108)	—	—	4
Total derivatives	3,845	—	3,845	(3,512)	(15)	(258)	60
Securities loaned	322	—	322	(23)	—	(292)	7
Total	$ 4,167	$ —	$ 4,167	$ (3,535)	$ (15)	$ (550)	$ 67

	December 31, 2020						
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount
				Financial Instruments [1]	Cash Collateral	Securities Collateral	
	(in millions)						
Derivatives:							
OTC	$ 4,192	$ —	$ 4,192	$ (3,862)	$ (1)	$ (327)	$ 2
OTC cleared	25	—	25	(25)	—	—	—
Exchange-traded	95	—	95	(91)	—	—	4
Total derivatives	4,312	—	4,312	(3,978)	(1)	(327)	6
Securities loaned	205	—	205	(43)	—	(157)	5
Total	$ 4,517	$ —	$ 4,517	$ (4,021)	$ (1)	$ (484)	$ 11

[1] Represents the amount of liabilities that could be offset by assets with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

In the tables above, the amount of assets or liabilities presented are offset first by financial instruments that have the right of offset under master netting or similar arrangements, then any remaining amount is reduced by the amount of cash and securities collateral. The actual collateral may be greater than amounts presented in the tables.

When the fair value of collateral accepted by the Company is less than the amount due to the Company, there is a risk of loss if the counterparty fails to perform or provide additional collateral. To mitigate this risk, the Company monitors collateral values regularly and requires additional collateral when necessary. When the value of collateral pledged by the Company declines, it may be required to post additional collateral.

Freestanding derivative instruments are reflected in other assets and other liabilities. Cash collateral pledged by the Company is reflected in other assets and cash collateral accepted by the Company is reflected in other liabilities. Securities borrowing and lending agreements are reflected in receivables and other liabilities, respectively. See Note 13 for additional disclosures related to the Company's derivative instruments and Note 4 for information related to derivatives held by consolidated investment entities.

13. Derivatives and Hedging Activities

Derivative instruments enable the Company to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity, foreign exchange and interest rate indices or prices. The Company primarily enters into derivative agreements for risk management purposes related to the Company's products and operations.

Certain of the Company's freestanding derivative instruments are subject to master netting arrangements. The Company's policy on the recognition of derivatives on the Consolidated Balance Sheets is to not offset fair value amounts recognized for derivatives and collateral arrangements executed with the same counterparty under the same master netting arrangement. See Note 12 for additional information regarding the estimated fair value of the Company's freestanding derivatives after considering the effect of master netting arrangements and collateral.

Generally, the Company uses derivatives as economic hedges and accounting hedges. The following table presents the notional value and gross fair value of derivative instruments, including embedded derivatives:

	March 31, 2021			December 31, 2020		
		Gross Fair Value			Gross Fair Value	
	Notional	Assets [1]	Liabilities [2][3]	Notional	Assets [1]	Liabilities [2][3]
	(in millions)					
Derivatives designated as hedging instruments						
Foreign exchange contracts – net investment hedges	$ 105	$ —	$ 1	$ 32	$ —	$ 2
Total qualifying hedges	105	—	1	32	—	$ 2
Derivatives not designated as hedging instruments						
Interest rate contracts	79,805	1,003	486	77,951	1,755	734
Equity contracts	51,647	3,943	3,353	57,254	4,090	3,571
Credit contracts	2,094	26	—	2,297	2	1
Foreign exchange contracts	2,953	18	5	3,423	23	4
Total non-designated hedges	136,499	4,990	3,844	140,925	5,870	4,310
Embedded derivatives						
GMWB and GMAB [4]	N/A	—	715	N/A	—	2,316
IUL	N/A	—	949	N/A	—	935
Fixed deferred indexed annuities	N/A	—	56	N/A	—	52
Structured variable annuities	N/A	—	124	N/A	—	70
SMC	N/A	—	7	N/A	—	8
Total embedded derivatives	N/A	—	1,851	N/A	—	3,381
Total derivatives	$ 136,604	$ 4,990	$ 5,696	$ 140,957	$ 5,870	$ 7,693

N/A Not applicable.

[1] The fair value of freestanding derivative assets is included in Other assets on the Consolidated Balance Sheets.

[2] The fair value of freestanding derivative liabilities is included in Other liabilities on the Consolidated Balance Sheets. The fair value of GMWB and GMAB, IUL, fixed deferred indexed annuity and structured variable annuity embedded derivatives is included in Policyholder account balances, future policy benefits and claims on the Consolidated Balance Sheets. The fair value of the SMC embedded derivative liability is included in Customer deposits on the Consolidated Balance Sheets.

[3] The fair value of the Company's derivative liabilities after considering the effects of master netting arrangements, cash collateral held by the same counterparty and the fair value of net embedded derivatives was $2.2 billion and $3.7 billion as of March 31, 2021 and December 31, 2020, respectively. See Note 12 for additional information related to master netting arrangements and cash collateral.

[4] The fair value of the GMWB and GMAB embedded derivatives as of March 31, 2021 included $980 million of individual contracts in a liability position and $265 million of individual contracts in an asset position. The fair value of the GMWB and GMAB embedded derivatives as of December 31, 2020 included $2.4 billion of individual contracts in a liability position and $67 million of individual contracts in an asset position.

See Note 11 for additional information regarding the Company's fair value measurement of derivative instruments.

As of March 31, 2021 and December 31, 2020, investment securities with a fair value of $292 million and $325 million, respectively, were received as collateral to meet contractual obligations under derivative contracts, of which $292 million and $325 million, respectively, may be sold, pledged or rehypothecated by the Company. As of both March 31, 2021 and December 31, 2020, the Company had sold, pledged or rehypothecated none of these securities. In addition, as of both March 31, 2021 and December 31, 2020, non-cash collateral accepted was held in separate custodial accounts and was not included in the Company's Consolidated Balance Sheets.

Derivatives Not Designated as Hedges

The following tables present a summary of the impact of derivatives not designated as hedging instruments, including embedded derivatives, on the Consolidated Statements of Operations:

	Net Investment Income	Banking and Deposit Interest Expense	Distribution Expenses	Interest Credited to Fixed Accounts	Benefits, Claims, Losses and Settlement Expenses	General and Administrative Expense
	(in millions)					
Three Months Ended March 31, 2021						
Interest rate contracts	$ —	$ —	$ (1)	$ —	$ (1,825)	$ —
Equity contracts	1	1	33	25	(310)	6
Credit contracts	—	—	—	—	69	—
Foreign exchange contracts	—	—	—	—	11	(4)
GMWB and GMAB embedded derivatives	—	—	—	—	1,600	—
IUL embedded derivatives	—	—	—	(9)	—	—
Fixed deferred indexed annuity embedded derivatives	—	—	—	(5)	—	—
Structured variable annuity embedded derivatives	—	—	—	—	(75)	—
SMC embedded derivatives	—	(1)	—	—	—	—
Total gain (loss)	$ 1	$ —	$ 32	$ 11	$ (530)	$ 2

	Net Investment Income	Banking and Deposit Interest Expense	Distribution Expenses	Interest Credited to Fixed Accounts	Benefits, Claims, Losses and Settlement Expenses	General and Administrative Expense
	(in millions)					
Three Months Ended March 31, 2020						
Interest rate contracts	$ (1)	$ —	$ 2	$ —	$ 2,515	$ —
Equity contracts	—	(7)	(116)	(112)	1,993	(16)
Credit contracts	—	—	—	—	(36)	—
Foreign exchange contracts	1	—	—	—	44	(3)
GMWB and GMAB embedded derivatives	—	—	—	—	(2,513)	—
IUL embedded derivatives	—	—	—	164	—	—
Fixed deferred indexed annuity embedded derivatives	—	—	—	12	—	—
Structured variable annuity embedded derivatives	—	—	—	—	3	—
SMC embedded derivatives	—	7	—	—	—	—
Total gain (loss)	$ —	$ —	$ (114)	$ 64	$ 2,006	$ (19)

The Company holds derivative instruments that either do not qualify or are not designated for hedge accounting treatment. These derivative instruments are used as economic hedges of equity, interest rate, credit and foreign currency exchange rate risk related to various products and transactions of the Company.

Certain annuity contracts contain GMWB or GMAB provisions, which guarantee the right to make limited partial withdrawals each contract year regardless of the volatility inherent in the underlying investments or guarantee a minimum accumulation value of consideration received at the beginning of the contract period, after a specified holding period, respectively. The indexed portion of structured variable annuities and the GMAB and non-life contingent GMWB provisions are considered embedded derivatives, which are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. The Company economically hedges the aggregate exposure related to the indexed portion of structured variable annuities and the GMAB and non-life contingent GMWB provisions using options, swaptions, swaps and futures.

The deferred premium associated with certain of the above options and swaptions is paid or received semi-annually over the life of the contract or at maturity. The following is a summary of the payments the Company is scheduled to make and receive for these options and swaptions as of March 31, 2021:

	Premiums Payable	Premiums Receivable
	(in millions)	
2021 [1]	$ 112	$ 85
2022	205	205
2023	51	42
2024	138	25
2025	125	22
2026 - 2028	262	88
Total	$ 893	$ 467

[1] 2021 amounts represent the amounts payable and receivable for the period from April 1, 2021 to December 31, 2021.

Actual timing and payment amounts may differ due to future settlements, modifications or exercises of the contracts prior to the full premium being paid or received.

The Company has a macro hedge program to provide protection against the statutory tail scenario risk arising from variable annuity reserves on its statutory surplus and to cover some of the residual risks not covered by other hedging activities. As a means of economically hedging these risks, the Company may use a combination of futures, options, swaps and swaptions. Certain of the macro hedge derivatives may contain settlement provisions linked to both equity returns and interest rates. The Company's macro hedge derivatives that contain settlement provisions linked to both equity returns and interest rates, if any, are shown in other contracts in the tables above.

Fixed deferred indexed annuity, structured variable annuity, IUL and stock market certificate products have returns tied to the performance of equity markets. As a result of fluctuations in equity markets, the obligation incurred by the Company related to fixed deferred indexed annuity, structured variable annuity, IUL and stock market certificate products will positively or negatively impact earnings over the life of these products. The equity component of fixed deferred indexed annuity, structured variable annuity, IUL and stock market certificate product obligations are considered embedded derivatives, which are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. As a means of economically hedging its obligations under the provisions of these products, the Company enters into index options and futures contracts.

The Company enters into futures, credit default swaps and commodity swaps to manage its exposure to price risk arising from seed money investments in proprietary investment products. The Company enters into foreign currency forward contracts to economically hedge its exposure to certain foreign transactions. The Company enters into futures contracts and total return swaps to economically hedge its exposure related to compensation plans. The Company enters into interest rate swaps to offset interest rate changes on unrealized gains or losses for certain investments.

Cash Flow Hedges

The Company has designated derivative instruments as a cash flow hedge of interest rate exposure on forecasted debt interest payments. For derivative instruments that qualify as cash flow hedges, the gain or loss on the derivative instruments is reported in AOCI and reclassified into earnings when the hedged item or transaction impacts earnings. The amount that is reclassified into earnings is presented within the same line item as the earnings impact of the hedged item in interest and debt expense.

For the three months ended March 31, 2021 and 2020, the amounts reclassified from AOCI to earnings related to cash flow hedges were immaterial. The estimated net amount recorded in AOCI as of March 31, 2021 that the Company expects to reclassify to earnings as a reduction to interest and debt expense within the next twelve months is $0.5 million. Currently, the longest period of time over which the Company is hedging exposure to the variability in future cash flows is 15 years and relates to forecasted debt interest payments. See Note 14 for a rollforward of net unrealized derivative gains (losses) included in AOCI related to cash flow hedges.

Fair Value Hedges

The Company entered into and designated as a fair value hedge an interest rate swap to convert senior notes due 2020 from fixed rate debt to floating rate debt. The interest rate swap related to the senior notes due March 2020 was settled during the first quarter of 2020 when the debt was repaid. The swap had identical terms as the underlying debt being hedged. The Company no longer had any fair value hedges outstanding as of March 31, 2021. The Company recognizes gains and losses on the derivatives and the related hedged items within interest and debt expense. See Note 10 for the cumulative basis adjustments for fair value hedges.

The following table is a summary of the impact of derivatives designated as hedges on the Consolidated Statements of Operations:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Total interest and debt expense per Consolidated Statements of Operations	$ 42	$ 46
Gain (loss) on interest rate contracts designated as fair value hedges:		
Hedged items	$ —	$ 1
Derivatives designated as fair value hedges	—	(1)

Net Investment Hedges

The Company entered into, and designated as net investment hedges in foreign operations, forward contracts to hedge a portion of the Company's foreign currency exchange rate risk associated with its investment in Threadneedle. As the Company determined that the forward contracts are effective, the change in fair value of the derivatives is recognized in AOCI as part of the foreign currency translation adjustment. For the three months ended March 31, 2021 and 2020, the Company recognized a loss of $0.5 million and a gain of $5.0 million, respectively, in OCI.

Credit Risk

Credit risk associated with the Company's derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, the Company has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting and collateral arrangements whenever practical. See Note 12 for additional information on the Company's credit exposure related to derivative assets.

Certain of the Company's derivative contracts contain provisions that adjust the level of collateral the Company is required to post based on the Company's debt rating (or based on the financial strength of the Company's life insurance subsidiaries for contracts in which those subsidiaries are the counterparty). Additionally, certain of the Company's derivative contracts contain provisions that allow the counterparty to terminate the contract if the Company's debt does not maintain a specific credit rating (generally an investment grade rating) or the Company's life insurance subsidiary does not maintain a specific financial strength rating. If these termination provisions were to be triggered, the Company's counterparty could require immediate settlement of any net liability position. As of March 31, 2021 and December 31, 2020, the aggregate fair value of derivative contracts in a net liability position containing such credit contingent provisions was $262 million and $326 million, respectively. The aggregate fair value of assets posted as collateral for such instruments as of March 31, 2021 and December 31, 2020 was $258 million and $324 million, respectively. If the credit contingent provisions of derivative contracts in a net liability position as of March 31, 2021 and December 31, 2020 were triggered, the aggregate fair value of additional assets that would be required to be posted as collateral or needed to settle the instruments immediately would have been $4 million and $2 million, respectively.

14. Shareholders' Equity

The following tables provide the amounts related to each component of OCI:

	Three Months Ended March 31,					
	2021			2020		
	Pretax	Income Tax Benefit (Expense)	Net of Tax	Pretax	Income Tax Benefit (Expense)	Net of Tax
	(in millions)					
Net unrealized gains (losses) on securities:						
Net unrealized gains (losses) on securities arising during the period [1]	$ (690)	$ 152	$ (538)	$ (1,195)	$ 264	$ (931)
Reclassification of net (gains) losses on securities included in net income [2]	(50)	11	(39)	8	(2)	6
Impact of DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables	300	(63)	237	508	(107)	401
Net unrealized gains (losses) on securities	(440)	100	(340)	(679)	155	(524)
Defined benefit plans	37	(8)	29	—	—	—
Foreign currency translation	(1)	—	(1)	(34)	1	(33)
Total other comprehensive income (loss)	$ (404)	$ 92	$ (312)	$ (713)	$ 156	$ (557)

[1] Includes impairments on Available-for-Sale securities related to factors other than credit that were recognized in OCI during the period.
[2] Reclassification amounts are recorded in net investment income.

Other comprehensive income (loss) related to net unrealized gains (losses) on securities includes three components: (i) unrealized gains (losses) that arose from changes in the fair value of securities that were held during the period; (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit impairments to credit losses; and (iii) other adjustments primarily consisting of changes in insurance and annuity asset and liability balances, such as DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables, to reflect the expected impact on their carrying values had the unrealized gains (losses) been realized as of the respective balance sheet dates.

The following tables present the changes in the balances of each component of AOCI, net of tax:

	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivatives	Defined Benefit Plans	Foreign Currency Translation	Other	Total
	(in millions)					
Balance, January 1, 2021	$ 983	$ 5	$ (204)	$ (154)	$ (1)	$ 629
OCI before reclassifications	(301)	—	29	(1)	—	(273)
Amounts reclassified from AOCI	(39)	—	—	—	—	(39)
Total OCI	(340)	—	29	(1)	—	(312)
Balance, March 31, 2021	$ 643	$ 5	$ (175)	$ (155)	$ (1)	$ 317

	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivatives	Defined Benefit Plans	Foreign Currency Translation	Other	Total
	(in millions)					
Balance, January 1, 2020	$ 576	$ 6	$ (138)	$ (181)	$ (1)	$ 262
OCI before reclassifications	(530)	—	—	(33)	—	(563)
Amounts reclassified from AOCI	6	—	—	—	—	6
Total OCI	(524)	—	—	(33)	—	(557)
Balance, March 31, 2020	$ 52	$ 6	$ (138)	$ (214)	$ (1)	$ (295)

For the three months ended March 31, 2021 and 2020, the Company repurchased a total of 1.7 million shares and 2.5 million shares, respectively, of its common stock for an aggregate cost of $363 million and $386 million, respectively. In August 2020, the Company's Board of Directors authorized a repurchase of up to $2.5 billion for the repurchase of shares of the Company's common stock through September 30, 2022. As of March 31, 2021, the Company had $1.9 billion remaining under the share repurchase authorization.

The Company may also reacquire shares of its common stock under its share-based compensation plans related to restricted stock awards and certain option exercises. The holders of restricted shares may elect to surrender a portion of their shares on the vesting date to cover their income tax obligation. These vested restricted shares are reacquired by the Company and the Company's payment of the holders' income tax obligations are recorded as a treasury share purchase.

For the three months ended March 31, 2021 and 2020, the Company reacquired 0.3 million shares and 0.3 million shares, respectively, of its common stock through the surrender of shares upon vesting and paid in the aggregate $57 million and $46.0 million, respectively, related to the holders' income tax obligations on the vesting date. Option holders may elect to net settle their vested awards resulting in the surrender of the number of shares required to cover the strike price and tax obligation of the options exercised. These shares are reacquired by the Company and recorded as treasury shares. For the three months ended March 31, 2021 and 2020, the Company reacquired 0.6 million shares and 0.6 million shares, respectively, of its common stock through the net settlement of options for an aggregate value of $134 million and $105 million, respectively.

During the three months ended March 31, 2021 and 2020, the Company reissued 0.3 million and 0.5 million, respectively, treasury shares for restricted stock award grants, performance share units and issuance of shares vested under advisor deferred compensation plans.

15. Income Taxes

The Company's effective tax rate was 11.3% and 13.4% for the three months ended March 31, 2021 and 2020, respectively.

The effective tax rate for the three months ended March 31, 2021 is lower than the statutory tax rate as a result of tax preferred items including incentive compensation, low income housing tax credits, foreign tax credits and dividends received deduction, partially offset by state income taxes, net of federal benefit.

The effective tax rate for the three months ended March 31, 2020 was lower than the statutory rate primarily due to previous tax law changes that resulted in a $144 million tax benefit related to the forecasted utilization of a 2020 net operating loss ("NOL") in the life

insurance entities that was to be applied to previous tax filings, low income housing tax credits and other tax preferred items. The Company determined the NOL benefit was attributable to current year losses; accordingly, the benefit was recorded in the annual effective tax rate.

The lower effective tax rate for the three months ended March 31, 2021 compared to March 31, 2020 is primarily the result of incentive compensation and lower pretax income in the current period compared to the prior period, partially offset by the NOL benefit in the prior period.

Included in the Company's deferred income tax assets are tax benefits related to state net operating losses of $16 million, net of federal benefit, which will expire beginning December 31, 2021.

The Company is required to establish a valuation allowance for any portion of the deferred tax assets that management believes will not be realized. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business. Consideration is given to, among other things in making this determination, (i) future taxable income exclusive of reversing temporary differences and carryforwards, (ii) future reversals of existing taxable temporary differences, (iii) taxable income in prior carryback years, and (iv) tax planning strategies. Based on analysis of the Company's tax position, management believes it is more likely than not that the Company will not realize certain state net operating losses of $12 million, state deferred tax assets of $2 million and foreign deferred tax assets of $2 million; therefore a valuation allowance has been established. The valuation allowance was $16 million and $15 million as of March 31, 2021 and December 31, 2020, respectively.

As of March 31, 2021 and December 31, 2020, the Company had $122 million and $110 million, respectively, of gross unrecognized tax benefits. If recognized, approximately $91 million and $80 million, net of federal tax benefits, of unrecognized tax benefits as of March 31, 2021 and December 31, 2020, respectively, would affect the effective tax rate.

It is reasonably possible that the total amount of unrecognized tax benefits will change in the next 12 months. The Company estimates that the total amount of gross unrecognized tax benefits may decrease by $40 million to $50 million in the next 12 months primarily due to Internal Revenue Service ("IRS") settlements and state exams.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. The Company recognized a net decrease of $2 million in interest and penalties for the three months ended March 31, 2021. The Company recognized a net increase of $1 million in interest and penalties for the three months ended March 31, 2020. As of March 31, 2021 and December 31, 2020, the Company had a payable of $8 million and $10 million, respectively, related to accrued interest and penalties.

The Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The federal statute of limitations are closed on years through 2015, except for one issue for 2014 and 2015 which was claimed on amended returns. The IRS is currently auditing the Company's U.S. income tax returns for 2016, 2017 and 2018.
The Company's state income tax returns are currently under examination by various jurisdictions for years ranging from 2010 through 2019. In the first quarter of 2021, the statute of limitations lapsed without notification of adjustments from Her Majesty's Revenue and Customs business risk review of the Company's U.K. subsidiaries for 2016.

16. Contingencies

Contingencies

The Company and its subsidiaries are involved in the normal course of business in legal proceedings which include regulatory inquiries, arbitration and litigation, including class actions, concerning matters arising in connection with the conduct of its activities as a diversified financial services firm. These include proceedings specific to the Company as well as proceedings generally applicable to business practices in the industries in which it operates. The Company can also be subject to legal proceedings arising out of its general business activities, such as its investments, contracts, leases and employment relationships. Uncertain economic conditions, heightened and sustained volatility in the financial markets and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company's businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, the SEC, the Financial Industry Regulatory Authority, the OCC, the U.K. Financial Conduct Authority, the Federal Reserve Board, state insurance and securities regulators, state attorneys general and various other domestic or foreign governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company's business activities and practices, and the practices of the Company's financial advisors. The Company typically has numerous pending matters which include information requests, exams or inquiries regarding certain subjects, including from time to time: sales and distribution of mutual funds, exchange traded funds, annuities, equity and fixed income securities, real estate investment trusts, insurance products, and financial advice offerings, including managed accounts; supervision of the Company's financial advisors and other associated persons; administration

of insurance and annuity claims; security of client information; trading activity and the Company's monitoring and supervision of such activity; and transaction monitoring systems and controls. The Company has cooperated and will continue to cooperate with the applicable regulators.

These legal proceedings are subject to uncertainties and, as such, it is inherently difficult to determine whether any loss is probable or even reasonably possible, or to reasonably estimate the amount of any loss. The Company cannot predict with certainty if, how or when any such proceedings will be initiated or resolved. Matters frequently need to be more developed before a loss or range of loss can be reasonably estimated for any proceeding. An adverse outcome in one or more proceedings could eventually result in adverse judgments, settlements, fines, penalties or other sanctions, in addition to further claims, examinations or adverse publicity that could have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

In accordance with applicable accounting standards, the Company establishes an accrued liability for contingent litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. The Company discloses the nature of the contingency when management believes there is at least a reasonable possibility that the outcome may be material to the Company's consolidated financial statements and, where feasible, an estimate of the possible loss. In such cases, there still may be an exposure to loss in excess of any amounts reasonably estimated and accrued. When a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability, but continues to monitor, in conjunction with any outside counsel handling a matter, further developments that would make such loss contingency both probable and reasonably estimable. Once the Company establishes an accrued liability with respect to a loss contingency, the Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established, and any appropriate adjustments are made each quarter.

Guaranty Fund Assessments

RiverSource Life and RiverSource Life of NY are required by law to be a member of the guaranty fund association in every state where they are licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, the Company could be adversely affected by the requirement to pay assessments to the guaranty fund associations. The Company projects its 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 its premiums written relative to the industry-wide premium in each state. The Company accrues the estimated cost of future guaranty fund assessments when it is considered probable that an assessment will be imposed, the event obligating the Company to pay the assessment has occurred and the amount of the assessment can be reasonably estimated.

The Company has a liability for estimated guaranty fund assessments and a related premium tax asset. As of both March 31, 2021 and December 31, 2020, the estimated liability was $12 million. As of both March 31, 2021 and December 31, 2020, the related premium tax asset was $10 million. The expected period over which guaranty fund assessments will be made and the related tax credits recovered is not known.

17. Earnings per Share

The computations of basic and diluted earnings per share is as follows:

	Three Months Ended March 31,	
	2021	2020
	(in millions, except per share amounts)	
Numerator:		
Net income	$ 437	$ 2,036
Denominator:		
Basic: Weighted-average common shares outstanding	119.8	126.4
Effect of potentially dilutive nonqualified stock options and other share-based awards	2.4	1.8
Diluted: Weighted-average common shares outstanding	122.2	128.2
Earnings per share:		
Basic	$ 3.65	$ 16.11
Diluted	$ 3.58	$ 15.88

The calculation of diluted earnings per share excludes the incremental effect of 0.3 million and 4.5 million options as of March 31, 2021 and 2020, respectively, due to their anti-dilutive effect.

18. Segment Information

During the third quarter of 2020, as the Company continued to reposition its business and implement strategies focusing on product features and sales, the composition of its reportable segments changed from five to four segments. The Chief Operating Decision Maker ("CODM") manages the annuities and protection business as one operating segment, referred to as Retirement & Protection Solutions. The Retirement & Protection Solutions segment includes Retirement Solutions (Variable Annuities and Payout Annuities) and Protection Solutions (Life and Disability Insurance). In addition, the Company moved the Fixed Annuities and Fixed Indexed Annuities business to the Corporate & Other segment as a closed block. These segment reporting changes align with the way the CODM began assessing the performance of the Company's reportable segments and other business activities effective in the third quarter of 2020. Certain prior period amounts have been revised to conform to the current presentation. The Company's four reporting segments are Advice & Wealth Management, Asset Management, Retirement & Protection Solutions and Corporate & Other.

The accounting policies of the segments are the same as those of the Company, except for operating adjustments defined below, the method of capital allocation, the accounting for gains (losses) from intercompany revenues and expenses and not providing for income taxes on a segment basis.

Management uses segment adjusted operating measures in goal setting, as a basis for determining employee compensation and in evaluating performance on a basis comparable to that used by some securities analysts and investors. Consistent with GAAP accounting guidance for segment reporting, adjusted operating earnings is the Company's measure of segment performance. Adjusted operating earnings should not be viewed as a substitute for GAAP pretax income. The Company believes the presentation of segment adjusted operating earnings, as the Company measures it for management purposes, enhances the understanding of its business by reflecting the underlying performance of its core operations and facilitating a more meaningful trend analysis.

Management excludes mean reversion related impacts from the Company's adjusted operating measures. The mean reversion related impact is defined as the impact on variable annuity and VUL products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves.

Adjusted operating earnings is defined as adjusted operating net revenues less adjusted operating expenses. Adjusted operating net revenues and adjusted operating expenses exclude net realized investment gains or losses (net of unearned revenue amortization and the reinsurance accrual); the market impact on non-traditional long-duration products (including variable and fixed deferred annuity contracts and UL insurance contracts), net of hedges and the related DSIC and DAC amortization, unearned revenue amortization, and the reinsurance accrual; mean reversion related impacts (the impact on variable annuity and VUL products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves); the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration and restructuring charges; and the impact of consolidating CIEs. The market impact on non-traditional long-duration products includes changes in embedded derivative values caused by changes in financial market conditions, net of changes in economic hedge values and unhedged items including the difference between assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and certain policyholder contract elections, net of related impacts on DAC and DSIC amortization. The market impact also includes certain valuation adjustments made in accordance with FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, including the impact on embedded derivative values of discounting projected benefits to reflect a current estimate of the Company's life insurance subsidiary's nonperformance spread.

The following tables summarize selected financial information by segment and reconciles segment totals to those reported on the consolidated financial statements:

	March 31, 2021	December 31, 2020
	(in millions)	
Advice & Wealth Management	$ 21,833	$ 21,266
Asset Management	9,033	8,406
Retirement & Protection Solutions	113,658	114,850
Corporate & Other	21,213	21,361
Total assets	$ 165,737	$ 165,883

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Adjusted operating net revenues:		
Advice & Wealth Management	$ 1,879	$ 1,695
Asset Management	828	686
Retirement & Protection Solutions	787	759
Corporate & Other	139	149
Less: Eliminations [1]	379	338
Total segment adjusted operating net revenues	3,254	2,951
Net realized gains (losses)	57	(20)
Revenue attributable to consolidated investment entities	34	16
Market impact on non-traditional long-duration products, net	5	55
Mean reversion related impacts	—	(1)
Total net revenues per Consolidated Statements of Operations	$ 3,350	$ 3,001

[1] Represents the elimination of intersegment revenues recognized for the three months ended March 31, 2021 and 2020 in each segment as follows: Advice & Wealth Management ($250 million and $222 million, respectively); Asset Management ($13 million and $13 million, respectively); Retirement & Protection Solutions ($116 million and $104 million, respectively); and Corporate & Other (nil and $(1) million, respectively).

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Adjusted operating earnings:		
Advice & Wealth Management	$ 389	$ 378
Asset Management	228	157
Retirement & Protection Solutions	183	167
Corporate & Other	(21)	(50)
Total segment adjusted operating earnings	779	652
Net realized gains (losses)	55	(20)
Net income (loss) attributable to consolidated investment entities	(1)	(2)
Market impact on non-traditional long-duration products, net	(396)	1,783
Mean reversion related impacts	56	(61)
Integration and restructuring charges	—	(1)
Pretax income per Consolidated Statements of Operations	$ 493	$ 2,351

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with the "Forward-Looking Statements" that follow and our Consolidated Financial Statements and Notes presented in Item 1. Our Management's Discussion and Analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on February 24, 2021 ("2020 10-K"), as well as our current reports on Form 8-K and other publicly available information. References below to "Ameriprise Financial," "Ameriprise," the "Company," "we," "us," and "our" refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries.

Overview

Ameriprise Financial is a diversified financial services company with a more than 125-year history of providing financial solutions. We are a long-standing leader in financial planning and advice with $1.14 trillion in assets under management and administration as of March 31, 2021. We offer a broad range of products and services designed to achieve individual and institutional clients' financial objectives.

The coronavirus disease 2019 (''COVID-19'') pandemic has presented ongoing significant economic and societal disruption and market unpredictability, which has affected our business and operating environment driven by a low interest rate environment and volatility and changes in the equity markets and the potential associated implications to client behavior. In early 2020, we implemented a work-from-home protocol for virtually all of our employee population, restricted business travel, and provided resources for complying with the guidance from the World Health Organization, the U.S. Centers for Disease Control and governments. We are thoughtfully undergoing a phased reopening of our office locations while complying with applicable health agencies' guidelines and governmental orders. Though there are indications that the effects of the virus are lessening in some areas, COVID-19 continues to deeply impact other areas and has been occurring in multiple waves, so there are still no reliable estimates of how long the implications from the pandemic will last, how many people are likely to be affected by it, or its impact on the overall economy. Given the impact of the pandemic, financial results may not be comparable to previous years and the results presented in this report may not necessarily be indicative of future operating results. For further information regarding the impact of the COVID-19 pandemic, and any potentially material effects, see Part 1 - Item 1A "Risk Factors" of our 2020 10-K.

The products and services we provide retail clients and, to a lesser extent, institutional clients, are the primary source of our revenues and net income. Revenues and net income are significantly affected by investment performance and the total value and composition of assets we manage and administer for our retail and institutional clients as well as the distribution fees we receive from other companies. These factors, in turn, are largely determined by overall investment market performance and the depth and breadth of our individual client relationships.

Financial markets and macroeconomic conditions have had and will continue to have a significant impact on our operating and performance results. In addition, the business, political and regulatory environments in which we operate are subject to elevated uncertainty and substantial, frequent change. Accordingly, we expect to continue focusing on our key strategic objectives and obtaining operational and strategic leverage from our core capabilities. The success of these and other strategies may be affected by the factors discussed in Item 1A, "Risk Factors" in our 2020 10-K and other factors as discussed herein.

Equity price, credit market and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the value of deferred acquisition costs ("DAC") and deferred sales inducement costs ("DSIC") assets, the values of liabilities for guaranteed benefits associated with our variable annuities and the values of derivatives held to hedge these benefits and the "spread" income generated on our fixed deferred annuities, fixed insurance, the fixed portion of variable annuities and variable insurance contracts and deposit products.

Earnings, as well as adjusted operating earnings after tax, will be negatively impacted by the ongoing low interest rate environment should it continue. In addition to continuing spread compression in our interest sensitive product lines, a sustained low interest rate environment may result in increases to our reserves and changes in various rate assumptions we use to amortize DAC and DSIC, which may negatively impact our adjusted operating earnings after tax. For additional discussion on our interest rate risk, see Item 3. "Quantitative and Qualitative Disclosures About Market Risk" and the information set forth in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk."

During the third quarter of 2020, as we continue to reposition the business and implement strategies focusing on product features and sales, the composition of our reportable segments changed from five to four segments. The Chief Operating Decision Maker ("CODM") now manages the Annuities and Protection business as one operating segment, referred to as Retirement & Protection Solutions. The Retirement & Protection Solutions segment includes Retirement Solutions (Variable Annuities and Payout Annuities) and Protection Solutions (Life and Disability Insurance). In addition, we moved the Fixed Annuities and Fixed Indexed Annuities business to the Corporate & Other segment as a closed block. These segment reporting changes align with the way our CODM began assessing the performance of our reportable segments and other business activities effective in the third quarter of 2020. Certain prior period amounts have been revised to conform to the current presentation. These changes have no impact on previously reported consolidated balance sheets or statements of operations, comprehensive income, stockholders equity, or cash flows.

On April 12, 2021, we signed a definitive agreement to acquire the European-based asset management business of BMO Financial Group for £615 million, or approximately $845 million. The all-cash transaction is expected to add approximately $124 billion of assets under management ("AUM") in Europe and is currently expected to close in the fourth quarter of 2021, subject to regulatory approvals in the relevant jurisdictions.

We consolidate certain variable interest entities for which we provide asset management services. These entities are defined as consolidated investment entities ("CIEs"). While the consolidation of the CIEs impacts our balance sheet and income statement, our exposure to these entities is unchanged and there is no impact to the underlying business results. For further information on CIEs, see Note 4 to our Consolidated Financial Statements. The results of operations of the CIEs are reflected in the Corporate & Other segment. On a consolidated basis, the management fees we earn for the services we provide to the CIEs and the related general and administrative expenses are eliminated and the changes in the fair value of assets and liabilities related to the CIEs, primarily syndicated loans and debt, are reflected in net investment income. We include the fees from these entities in the management and financial advice fees line within our Asset Management segment.

While our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), management believes that adjusted operating measures, which exclude net realized investment gains or losses, net of the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on non-traditional long-duration products (including variable and fixed deferred annuity contracts and universal life ("UL") insurance contracts, net of hedges and the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; mean reversion related impacts (the impact on variable annuity and variable universal life ("VUL") products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves); the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; gain or loss on disposal of a business that is not considered discontinued operations; integration and restructuring charges; income (loss) from discontinued operations; and the impact of consolidating CIEs, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. Management uses these non-GAAP measures to evaluate our financial performance on a basis comparable to that used by some securities analysts and investors. Also, certain of these non-GAAP measures are taken into consideration, to varying degrees, for purposes of business planning and analysis and for certain compensation-related matters. Throughout our Management's Discussion and Analysis, these non-GAAP measures are referred to as adjusted operating measures. These non-GAAP measures should not be viewed as a substitute for U.S. GAAP measures.

It is management's priority to increase shareholder value over a multi-year horizon by achieving our on-average, over-time financial targets.

Our financial targets are:

- Adjusted operating earnings per diluted share growth of 12% to 15%, and
- Adjusted operating return on equity excluding accumulated other comprehensive income ("AOCI") of over 30%.

The following tables reconcile our GAAP measures to adjusted operating measures:

	Three Months Ended March 31,		Per Diluted Share Three Months Ended March 31,	
	2021	2020	2021	2020
	(in millions, except per share amounts)			
Net income (loss)	$ 437	$ 2,036	$ 3.58	$ 15.88
Less: Net realized investment gains (losses) [1]	55	(20)	0.45	(0.16)
Add: Market impact on non-traditional long-duration products [1]	396	(1,783)	3.24	(13.91)
Add: Mean reversion related impacts [1]	(56)	61	(0.46)	0.47
Add: Integration/restructuring charges [1]	—	1	—	0.01
Less: Net income (loss) attributable to CIEs	(1)	(2)	(0.01)	(0.02)
Tax effect of adjustments [2]	(60)	357	(0.49)	2.78
Adjusted operating earnings	$ 663	$ 694	$ 5.43	$ 5.41
Weighted average common shares outstanding:				
Basic	119.8	126.4		
Diluted	122.2	128.2		

[1] Pretax adjusted operating adjustments.
[2] Calculated using the statutory federal tax rate of 21%.

The following table reconciles the trailing twelve months' sum of net income to adjusted operating earnings and the five-point average of quarter-end equity to adjusted operating equity:

	Twelve Months Ended March 31,	
	2021	2020
	(in millions)	
Net income	$ (65)	$ 3,534
Less: Adjustments[1]	(1,804)	1,175
Adjusted operating earnings	1,739	2,359
Total Ameriprise Financial, Inc. shareholders' equity	6,126	6,058
Less: AOCI, net of tax	312	121
Total Ameriprise Financial, Inc. shareholders' equity, excluding AOCI	5,814	5,937
Less: Equity impacts attributable to CIEs	1	1
Adjusted operating equity	$ 5,813	$ 5,936
Return on equity, excluding AOCI	(1.1)%	59.5 %
Adjusted operating return on equity, excluding AOCI[2]	29.9 %	39.7 %

[1] Adjustments reflect the sum of after-tax net realized investment gains/losses, net of DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on non-traditional long-duration products (including variable and fixed deferred annuity contracts and UL insurance contracts), net of hedges and related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; mean reversion related impacts; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; gain or loss on disposal of a business that is not considered discontinued operations; integration and restructuring charges; income (loss) from discontinued operations; and net income (loss) from consolidated investment entities. After-tax is calculated using the statutory tax rate of 21%.

[2] Adjusted operating return on equity, excluding AOCI is calculated using adjusted operating earnings in the numerator, and Ameriprise Financial shareholders' equity, excluding AOCI and the impact of consolidating investment entities using a five-point average of quarter-end equity in the denominator. After-tax is calculated using the statutory tax rate of 21%.

Critical Accounting Estimates

The accounting and reporting policies that we use affect our Consolidated Financial Statements. Certain of our accounting and reporting policies are critical to an understanding of our consolidated results of operations and financial condition and, in some cases, the application of these policies can be significantly affected by the estimates, judgments and assumptions made by management during the preparation of our Consolidated Financial Statements. These accounting policies are discussed in detail in "Management's Discussion and Analysis — Critical Accounting Estimates" in our 2020 10-K.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements and their expected impact on our future consolidated results of operations and financial condition, see Note 2 to our Consolidated Financial Statements.

Economic Environment

Global equity market conditions could materially affect our financial condition and results of operations. The following table presents relevant market indices:

	March 31,		
	2021	2020	Change
S&P 500			
Daily average	3,861	3,069	26 %
Period end	3,973	2,585	54 %
Weighted Equity Index ("WEI") [1]			
Daily average	2,662	2,111	26 %
Period end	2,725	1,753	55 %

[1] Weighted Equity Index is an Ameriprise calculated proxy for equity market movements calculated using a weighted average of the S&P 500, Russell 2000, Russell Midcap and MSCI EAFE indices based on North America distributed equity assets.

See our segment results of operations discussion below for additional information on how changes in the economic environment have and may continue to impact our results. For further information regarding the impact of the economic environment, and any potentially material effects, see Part 1 - Item 1A "Risk Factors" of our 2020 10-K.

Assets Under Management and Administration

AUM include external client assets for which we provide investment management services, such as the assets of the Columbia Threadneedle Investments funds, institutional clients and clients in our advisor platform held in wrap accounts as well as assets managed by sub-advisors selected by us. AUM also includes certain assets on our Consolidated Balance Sheets for which we provide investment management services and recognize management fees in our Asset Management segment, such as the assets of the general account and the variable product funds held in the separate accounts of our life insurance subsidiaries and CIEs.

Assets under administration ("AUA") include assets for which we provide administrative services such as client assets invested in other companies' products that we offer outside of our wrap accounts. These assets include those held in clients' brokerage accounts. We generally record revenues received from administered assets as distribution fees. We do not exercise management discretion over these assets and do not earn a management fee. These assets are not reported on our Consolidated Balance Sheets. AUA also includes certain assets on our Consolidated Balance Sheets for which we do not provide investment management services and do not recognize management fees, such as investments in non-affiliated funds held in the separate accounts of our life insurance subsidiaries.

AUM and AUA do not include assets under advisement, for which we provide advisory services such as model portfolios but do not have full discretionary investment authority.

The following table presents detail regarding our AUM and AUA:

	March 31,			
	2021	2020	Change	
	(in billions)			
Assets Under Management and Administration				
Advice & Wealth Management AUM	$ 396.5	$ 273.1	$ 123.4	45 %
Asset Management AUM	564.1	426.2	137.9	32
Corporate AUM	0.1	—	0.1	—
Eliminations	(39.6)	(27.9)	(11.7)	(42)
Total Assets Under Management	921.1	671.4	249.7	37
Total Assets Under Administration	222.9	167.7	55.2	33
Total AUM and AUA	$ 1,144.0	$ 839.1	$ 304.9	36 %

Total AUM increased $249.7 billion, or 37%, to $921.1 billion as of March 31, 2021 compared to $671.4 billion as of March 31, 2020 due to a $123.4 billion increase in Advice & Wealth Management AUM driven by wrap account net inflows and market appreciation and a $137.9 billion increase in Asset Management AUM driven by market appreciation and continued improvement in net flows, partially offset by retail fund distributions. See our segment results of operations discussion below for additional information on changes in our AUM.

Consolidated Results of Operations for the Three Months Ended March 31, 2021 and 2020

The following table presents our consolidated results of operations:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 2,102	1,770	$ 332	19 %
Distribution fees	458	464	(6)	(1)
Net investment income	377	328	49	15
Premiums, policy and contract charges	347	395	(48)	(12)
Other revenues	71	69	2	3
Total revenues	3,355	3,026	329	11
Banking and deposit interest expense	5	25	(20)	(80)
Total net revenues	3,350	3,001	349	12
Expenses				
Distribution expenses	1,175	995	180	18
Interest credited to fixed accounts	159	91	68	75
Benefits, claims, losses and settlement expenses	653	(1,747)	2,400	NM
Amortization of deferred acquisition costs	5	512	(507)	(99)
Interest and debt expense	42	46	(4)	(9)
General and administrative expense	823	753	70	9
Total expenses	2,857	650	2,207	NM
Pretax income (loss)	493	2,351	(1,858)	(79)
Income tax provision	56	315	(259)	(82)
Net income (loss)	$ 437	$ 2,036	$ (1,599)	(79)%

NM Not Meaningful.

Overall

Pretax income decreased $1.9 billion, or 79%, to $493 million for the three months ended March 31, 2021 compared to $2.4 billion for the prior year period. The following impacts were significant drivers of the period-over-period change in pretax income:

- The market impact on non-traditional long duration products (including variable and fixed deferred annuity contracts and UL insurance contracts), net of hedges and related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual was an expense of $396 million for the three months ended March 31, 2021 compared to a benefit of $1.8 billion for the prior year period.
- A negative impact of $78 million in the Advice & Wealth Management segment from lower short-term interest rates.
- A $34 million unfavorable change in the mark-to-market impact on share-based compensation.
- A favorable impact from higher average equity markets for the three months ended March 31, 2021 compared to the prior year period.
- The mean reversion related impact was a benefit of $56 million for the three months ended March 31, 2021 compared to an expense of $61 million for the prior year period.

Net Revenues

Net revenues increased $349 million, or 12%, to $3.4 billion for the three months ended March 31, 2021 compared to $3.0 billion for the prior year period.

Management and financial advice fees increased $332 million, or 19%, to $2.1 billion for the three months ended March 31, 2021 compared to $1.8 billion for the prior year period reflecting higher average equity markets, higher wrap account net inflows and an unfavorable $19 million performance fee correction in the prior year period.

Distribution fees decreased $6 million, or 1%, to $458 million for the three months ended March 31, 2021 compared to $464 million for the prior year period due to $55 million of lower fees on off-balance sheet brokerage cash primarily due to a decrease in short-term interest rates partially offset by increased transactional activity and higher average equity markets.

Net investment income increased $49 million, or 15%, to $377 million for the three months ended March 31, 2021 compared to $328 million for the prior year period primarily reflecting the following items:

- Net realized investment gains of $69 million, which included a $15 million gain on a strategic investment, for the three months ended March 31, 2021 compared to net realized investment losses of $19 million for the prior year period.
- Higher investment income from CIEs.
- The unfavorable impact of lower interest rates, including lower short-term interest rates on the investment portfolio supporting the certificate and on-balance sheet brokerage cash products.

Premiums, policy and contract charges decreased $48 million, or 12% to $347 million for the three months ended March 31, 2021 compared to $395 million for the prior year primarily reflecting an unfavorable change in unearned revenue amortization and the reinsurance accrual offset to the market impact on IUL benefits and lower sales of immediate annuities with a life contingent feature.

Banking and deposit interest expense decreased $20 million, or 80%, to $5 million for the three months ended March 31, 2021 compared to $25 million due to lower average crediting rates on certificates and lower average certificate balances.

Expenses

Total expenses increased $2.2 billion to $2.9 billion for the three months ended March 31, 2021 compared to $650 million for the prior year period.

Distribution expenses increased $180 million, or 18%, to $1.2 billion for the three months ended March 31, 2021 compared to $995 million for the prior year period reflecting higher advisor compensation due to an increase in average wrap account balances and increased transactional activity.

Interest credited to fixed accounts increased $68 million, or 75%, to $159 million for the three months ended March 31, 2021 compared to $91 million for the prior year period primarily reflecting the following items:

- A $235 million increase in expense from the unhedged nonperformance credit spread risk adjustment on IUL benefits. The unfavorable impact of the nonperformance credit spread was $1 million for the three months ended March 31, 2021 compared to a favorable impact of $234 million for the prior year period.
- A $168 million decrease in expense from other market impacts on IUL benefits, net of hedges, which was a benefit of $2 million for the three months ended March 31, 2021 compared to an expense of $166 million for the prior year period. The decrease in expense was primarily due to an increase in the IUL embedded derivative in the prior year period, which reflected higher option costs due to lower discount rates.

Benefits, claims, losses and settlement expenses increased $2.4 billion to $653 million for the three months ended March 31, 2021 compared to a benefit of $1.7 billion for the prior year period primarily reflecting the following items:

- A $1.8 billion increase in expense primarily reflecting the impact of year-over-year changes in the unhedged nonperformance credit spread risk adjustment on variable annuity guaranteed benefits. The unfavorable impact of $225 million for the three months ended March 31, 2021 was driven by changes in the undiscounted embedded derivative liability compared to a favorable impact of $1.6 billion for the prior year period primarily as a result of the nonperformance credit spread widening by 145 basis points due to the market dislocation related to the COVID-19 pandemic. As the undiscounted embedded derivative liability on which the nonperformance credit spread is applied increases (decreases), the impact of the nonperformance credit spread is favorable (unfavorable) to expense. Additionally, as the estimate of the nonperformance credit spread over the LIBOR swap curve tightens or widens, the embedded derivative liability will increase or decrease.
- A $727 million increase in expense from other market impacts on variable annuity guaranteed benefits, net of hedges in place to offset those risks and the related DSIC amortization. This increase was the result of an unfavorable $6.6 billion change in the market impact on derivatives hedging the variable annuity guaranteed benefits, partially offset by a favorable $5.8 billion change in the market impact on variable annuity guaranteed living benefits reserves. The main market drivers contributing to these changes are summarized below:
  - Equity market impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in an expense for the three months ended March 31, 2021 compared to a benefit for the prior year period.
  - Interest rate impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in an expense for the three months ended March 31, 2021 compared to a benefit for the prior year period.
  - Volatility impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a lower expense for the three months ended March 31, 2021 compared to the prior year period.
  - Other unhedged items, including the difference between the assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and various behavioral items, were a net benefit for the three months ended March 31, 2021 compared to a net expense for the prior year period.
- The mean reversion related impact was a benefit of $34 million for the three months ended March 31, 2021 compared to an expense of $24 million for the prior year period.

- A $13 million decrease in reserves for immediate annuities with a life contingent feature primarily due to lower sales. This impact is offset by a decrease in premiums.

Amortization of DAC decreased $507 million, or 99% to $5 million for the three months ended March 31, 2021 compared to an expense of $512 million for the prior year period primarily reflecting the following items:

- The DAC offset to the market impact on non-traditional long-duration products was a benefit of $46 million for the three months ended March 31, 2021 compared to an expense of $416 million for the prior year period.
- The mean reversion related impact was a benefit of $22 million for the three months ended March 31, 2021 compared to an expense of $36 million for the prior year period.

Interest and debt expense decreased $4 million, or 9%, to $42 million for the three months ended March 31, 2021 compared to $46 million for the prior year period primarily due to lower levels of corporate debt and lower interest rates on our corporate debt.

General and administrative expense increased $70 million, or 9%, to $823 million for the three months ended March 31, 2021 compared to $753 million for the prior year period primarily reflecting an unfavorable change in the mark-to-market impact on share-based compensation and higher expenses from CIEs, partially offset by disciplined expense management and reengineering.

Income Taxes

Our effective tax rate was 11.3% for the three months ended March 31, 2021 compared to 13.4% for the prior year period. The lower effective tax rate for the three months ended March 31, 2021 compared to the prior year period is primarily the result of incentive compensation and lower pretax income in the current period compared to the prior year period, partially offset by a $144 million tax benefit in the prior year period associated with the forecasted utilization of a 2020 net operating loss ("NOL") in our life insurance entities that was not ultimately realized. See Note 15 to our Consolidated Financial Statements for additional discussion on income taxes.

Results of Operations by Segment for the Three Months Ended March 31, 2021 and 2020

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. See Note 18 to the Consolidated Financial Statements for further information on the presentation of segment results and our definition of adjusted operating earnings.

The following table presents summary financial information by segment:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Advice & Wealth Management		
Net revenues	$ 1,879	$ 1,695
Expenses	1,490	1,317
Adjusted operating earnings	$ 389	$ 378
Asset Management		
Net revenues	$ 828	$ 686
Expenses	600	529
Adjusted operating earnings	$ 228	$ 157
Retirement & Protection Solutions		
Net revenues	$ 787	$ 759
Expenses	604	592
Adjusted operating earnings	$ 183	$ 167
Corporate & Other		
Net revenues	$ 139	$ 149
Expenses	160	199
Adjusted operating loss	$ (21)	$ (50)

Advice & Wealth Management

The following table presents the changes in wrap account assets and average balances for the three months ended March 31:

	2021	2020
	(in billions)	
Beginning balance	$ 380.0	$ 317.5
Net flows [1]	10.4	6.7
Market appreciation (depreciation) and other [1]	9.4	(48.7)
Ending balance	$ 399.8	$ 275.5
Advisory wrap account assets ending balance [2]	$ 395.3	$ 272.3
Average advisory wrap account assets [3]	$ 379.3	$ 311.1

[1] Beginning in the first quarter of 2021, wrap net flows is calculated including dividends, interest and fees, which were previously recorded in Market appreciation (depreciation) and other. Net flows excludes short-term and long-term capital gain distributions. Prior periods have been restated.

[2] Advisory wrap account assets represent those assets for which clients receive advisory services and are the primary driver of revenue earned on wrap accounts. Clients may hold non-advisory investments in their wrap accounts that do not incur an advisory fee.

[3] Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period excluding the most recent month for the three months ended March 31, 2021 and 2020.

Wrap account assets increased $19.8 billion, or 5%, during the three months ended March 31, 2021 due to net inflows of $10.4 billion and market appreciation of $9.4 billion. Average advisory wrap account assets increased $68.2 billion, or 22%, compared to the prior year period reflecting market appreciation and net inflows.

The following table presents the results of operations of our Advice & Wealth Management segment on an adjusted operating basis:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 1,205	$ 1,024	$ 181	18 %
Distribution fees	559	548	11	2
Net investment income	64	100	(36)	(36)
Other revenues	56	48	8	17
Total revenues	1,884	1,720	164	10
Banking and deposit interest expense	5	25	(20)	(80)
Total net revenues	1,879	1,695	184	11
Expenses				
Distribution expenses	1,135	970	165	17
Interest and debt expense	3	2	1	50
General and administrative expense	352	345	7	2
Total expenses	1,490	1,317	173	13
Adjusted operating earnings	$ 389	$ 378	$ 11	3 %

Our Advice & Wealth Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, increased $11 million, or 3%, to $389 million for the three months ended March 31, 2021 compared to $378 million for the prior year period reflecting higher average wrap account balances due to net inflows and market appreciation and improved transactional activity, partially offset by lower earnings on brokerage cash as a result of low interest rates. Pretax adjusted operating margin was 20.7% for the three months ended March 31, 2021 compared to 22.3% for the prior year period.

We launched Ameriprise Bank, FSB in the second quarter of 2019. Since then, we have continued to add deposits, with $8.0 billion of cash sweep balances as of March 31, 2021. In the fourth quarter of 2020, we acquired $224 million in an existing portfolio of brokerage client pledged asset lines of credit that are a 50% participation interest with a third party bank.

Net Revenues

Net revenues exclude net realized investment gains or losses. Net revenues increased $184 million, or 11%, to $1.9 billion for the three months ended March 31, 2021 compared to $1.7 billion for the prior year period. Adjusted operating net revenue per advisor increased to $187,000 for the three months ended March 31, 2021, up 9%, compared to $172,000 for the prior year period.

Management and financial advice fees increased $181 million, or 18%, to $1.2 billion for the three months ended March 31, 2021 compared to $1.0 billion for the prior year period primarily due to growth in average wrap account assets. Average advisory wrap account assets increased $68.2 billion, or 22%, compared to the prior year period reflecting market appreciation and net inflows.

Distribution fees increased $11 million, or 2%, to $559 million for the three months ended March 31, 2021 compared to $548 million for the prior year period reflecting increased transactional activity and higher average equity markets, partially offset by $55 million of lower fees on off-balance sheet brokerage cash due to a decrease in short-term interest rates.

Net investment income, which excludes net realized investment gains or losses, decreased $36 million, or 36%, to $64 million for the three months ended March 31, 2021 compared to $100 million for the prior year period primarily due to lower certificate balances and the $23 million unfavorable impact of lower short-term interest rates on the investment portfolio supporting the certificate and on-balance sheet brokerage cash products, partially offset by higher average invested assets due to increased bank deposits.

Banking and deposit interest expense decreased $20 million, or 80%, to $5 million for the three months ended March 31, 2021 compared to $25 million for the prior year period primarily due to lower average crediting rates on certificates and lower average certificate balances.

Expenses

Total expenses increased $173 million, or 13%, to $1.5 billion for the three months ended March 31, 2021 compared to $1.3 billion for the prior year period.

Distribution expenses increased $165 million, or 17%, to $1.1 billion for the three months ended March 31, 2021 compared to $970 million for the prior year period reflecting higher asset-based advisor compensation from higher wrap account assets and increased investments in recruiting experienced advisors.

General and administrative expense increased $7 million, or 2%, to $352 million for the three months ended March 31, 2021 compared to $345 million for the prior year period primarily due to higher mark-to-market impact on share-based compensation and planned investments for future growth, partially offset by expense reengineering.

Asset Management

The following tables present the fund performance of our retail Columbia Threadneedle Investments funds as of March 31, 2021:

Retail Fund Rankings in Top 2 Quartiles or Above Index Benchmark - Asset Weighted	1 year	3 year	5 year	10 year
Equity	60%	87%	81%	88%
Fixed Income	80%	69%	88%	89%
Asset Allocation	31%	88%	95%	89%

4- or 5-star Morningstar rated funds	Overall	3 year	5 year	10 year
Number of rated funds	103	92	92	89
Percent of rated assets	68%	61%	58%	72%

Retail Fund performance rankings for each fund is measured on a consistent basis against the most appropriate peer group or index. Peer Groupings are defined by either Lipper, IA, or Morningstar and based primarily on the Institutional Share Class, Net of Fees. Comparisons to Index are measured Gross of Fees.

To calculate asset weighted performance, the sum of the total assets of the funds with above median ranking are divided by total assets of all funds. Funds with more assets will receive a greater share of the total percentage above or below median.

Aggregated Asset Allocation Funds may include funds that invest in other Columbia or Threadneedle branded mutual funds included in both equity and fixed income.

The following table presents global managed assets by type:

	March 31,				Average[1] Three Months Ended March 31,			
	2021	2020	Change		2021	2020	Change	
	(in billions)							
Equity	$ 319.4	$ 210.5	$ 108.9	52 %	$ 308.8	$ 246.8	$ 62.0	25 %
Fixed income	195.0	174.0	21.0	12	195.8	181.2	14.6	8
Money market	5.8	5.0	0.8	16	5.9	4.7	1.2	26
Alternative	3.8	2.7	1.1	41	3.8	3.0	0.8	27
Hybrid and other	40.1	34.0	6.1	18	39.2	35.4	3.8	11
Total managed assets	$ 564.1	$ 426.2	$ 137.9	32 %	$ 553.5	$ 471.1	$ 82.4	17 %

[1] Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period.

The following table presents the changes in global managed assets:

	Three Months Ended March 31,	
	2021	2020
	(in billions)	
Global Retail Funds		
Beginning assets	$ 323.5	$ 287.5
Inflows	22.5	17.4
Outflows	(17.6)	(20.0)
Net VP/VIT fund flows	(1.0)	(0.8)
Net new flows	3.9	(3.4)
Reinvested dividends	0.7	0.5
Net flows	4.6	(2.9)
Distributions	(0.9)	(0.7)
Market appreciation (depreciation) and other	13.2	(43.5)
Foreign currency translation [1]	(0.2)	(1.3)
Total ending assets	340.2	239.1
Global Institutional		
Beginning assets	223.1	206.7
Inflows [2]	7.8	8.5
Outflows [2]	(7.5)	(8.0)
Net flows	0.3	0.5
Market appreciation (depreciation) and other [3]	0.2	(16.7)
Foreign currency translation [1]	0.3	(3.4)
Total ending assets	223.9	187.1
Total managed assets	$ 564.1	$ 426.2
Total net flows	$ 4.9	$ (2.4)
Legacy insurance partners net flows [4]	$ (1.3)	$ (0.6)

[1] Amounts represent local currency to US dollar translation for reporting purposes.
[2] Global Institutional inflows and outflows include net flows from our RiverSource Structured Annuity product beginning in Q1 2020 and Ameriprise Bank, FSB beginning in Q1 2021.
[3] Included in Market appreciation (depreciation) and other for Global Institutional is the change in affiliated general account balance, excluding net flows related to our structured variable annuity product beginning in Q1 2020 and Ameriprise Bank, FSB beginning in Q1 2021.
[4] Legacy insurance partners assets and net flows are included in the rollforwards above.

The United Kingdom's ("U.K.") and the European Union's ("EU") trade and cooperation agreement did not include cross-border financial services. As a result, our U.K. asset management business is no longer able to market its services into the EU on a passporting basis and must now comply with local EU and country requirements as a non-EU firm, which includes leveraging our Luxembourg-based management company affiliate to provide services and marketing to EU clients and investors. As a result the full impact of Brexit remains uncertain.

Total segment AUM increased $17.5 billion, or 3%, during the three months ended March 31, 2021. Net inflows were $4.9 billion in the first quarter of 2021, a $7.3 billion increase compared to the prior year period. Global retail net inflows were $4.6 billion. Global institutional net inflows were $0.3 billion and included $1.3 billion of outflows from legacy insurance partners assets.

The following table presents the results of operations of our Asset Management segment on an adjusted operating basis:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 713	$ 583	$ 130	22 %
Distribution fees	114	103	11	11
Net investment income	1	—	1	—
Total revenues	828	686	142	21
Banking and deposit interest expense	—	—	—	—
Total net revenues	828	686	142	21
Expenses				
Distribution expenses	268	231	37	16
Amortization of deferred acquisition costs	3	3	—	—
Interest and debt expense	1	1	—	—
General and administrative expense	328	294	34	12
Total expenses	600	529	71	13
Adjusted operating earnings	$ 228	$ 157	$ 71	45 %

Our Asset Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, increased $71 million, or 45%, to $228 million for the three months ended March 31, 2021 compared to $157 million for the prior year period primarily due to a higher level of average AUM from market appreciation and net inflows.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, increased $142 million, or 21%, to $828 million for the three months ended March 31, 2021 compared to $686 million for the prior year period.

Management and financial advice fees increased $130 million, or 22%, to $713 million for the three months ended March 31, 2021 compared to $583 million for the prior year period primarily due to higher average equity markets and an unfavorable $19 million performance fee correction in the prior year period.

Distribution fees increased $11 million, or 11%, to $114 million for the three months ended March 31, 2021 compared to $103 million for the prior year period primarily due to higher average equity markets.

Expenses

Total expenses increased $71 million, or 13%, to $600 million for the three months ended March 31, 2021 compared to $529 million for the prior year period.

Distribution expenses increased $37 million, or 16%, to $268 million for the three months ended March 31, 2021 compared to $231 million for the prior year period reflecting higher average equity markets.

General and administrative expense increased $34 million, or 12%, to $328 million for the three months ended March 31, 2021 compared to $294 million for the prior year period primarily reflecting higher compensation expenses related to stronger business performance and an unfavorable mark-to-market impact on share-based compensation expenses.

Retirement & Protection Solutions

The following table presents the results of operations of our Retirement & Protection Solutions segment on an adjusted operating basis:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$ 222	$ 199	$ 23	12 %
Distribution fees	116	105	11	10
Net investment income	126	130	(4)	(3)
Premiums, policy and contract charges	323	325	(2)	(1)
Total revenues	787	759	28	4
Banking and deposit interest expense	—	—	—	—
Total net revenues	787	759	28	4
Expenses				
Distribution expenses	129	110	19	17
Interest credited to fixed accounts	96	100	(4)	(4)
Benefits, claims, losses and settlement expenses	234	245	(11)	(4)
Amortization of deferred acquisition costs	63	54	9	17
Interest and debt expense	10	10	—	—
General and administrative expense	72	73	(1)	(1)
Total expenses	604	592	12	2
Adjusted operating earnings	$ 183	$ 167	$ 16	10 %

Our Retirement & Protection Solutions segment pretax adjusted operating earnings, which excludes net realized investment gains or losses (net of the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual), the market impact on non-traditional long-duration products (including variable annuity contracts and IUL contracts, net of hedges and the related DSIC and DAC amortization, unearned amortization and the reinsurance accrual), and mean reversion related impacts, increased $16 million, or 10%, to $183 million for the three months ended March 31, 2021 compared to $167 million for the prior year period.

RiverSource variable annuity account balances increased 24% to $87.0 billion as of March 31, 2021 compared to the prior year period due to market appreciation, partially offset by net outflows of $1.9 billion. Variable annuity sales increased 33% compared to the prior year period reflecting an increase in sales of structured variable annuities launched in 2020, partially offset by lower sales of variable annuities with living benefit guarantees. Sales of variable annuities without living benefit guarantees comprised 64% of total variable annuity sales for the three months ended March 31, 2021 compared to 31% for the prior year period. This trend is expected to continue and meaningfully shift the mix of business away from products with living benefit guarantees over time.

Net Revenues

Management and financial advice fees increased $23 million, or 12%, to $222 million for the three months ended March 31, 2021 compared to $199 million for the prior year period primarily due to market appreciation, partially offset by variable annuity net outflows.

Distribution fees increased $11 million, or 10%, to $116 million for the three months ended March 31, 2021 compared to $105 million for the prior year period due to higher average equity markets.

Expenses

Distribution expenses increased $19 million, or 17%, to $129 million for the three months ended March 31, 2021 compared to $110 million for the prior year period primarily reflecting higher average equity markets and increased variable annuity sales.

Benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity contracts (net of hedges and the related DSIC amortization), mean reversion related impacts and the DSIC offset to net realized investment gains or losses, decreased $11 million, or 4%, to $234 million for the three months ended March 31, 2021 compared to $245 million for the prior year period primarily reflecting lower sales of immediate annuities with a life contingent feature, partially offset by higher disability income claims.

Amortization of DAC, which excludes mean reversion related impacts, the DAC offset to the market impact on variable annuity contracts and IUL contracts and the DAC offset to net realized investment gains or losses, increased $9 million, or 17%, to $63 million for the three months ended March 31, 2021 compared to $54 million for the prior year period primarily reflecting the higher level of normalized amortization.

Corporate & Other

The following table presents the results of operations of our Corporate & Other segment on an adjusted operating basis:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Net investment income	$ 100	$ 104	$ (4)	(4)
Premiums, policy and contract charges	24	25	(1)	(4)
Other revenues	15	21	(6)	(29)
Total revenues	139	150	(11)	(7)
Banking and deposit interest expense	—	1	(1)	NM
Total net revenues	139	149	(10)	(7)
Expenses				
Distribution expenses	(2)	(1)	(1)	NM
Interest credited to fixed accounts	61	66	(5)	(8)
Benefits, claims, losses and settlement expenses	13	59	(46)	(78)
Amortization of deferred acquisition costs	4	2	2	NM
Interest and debt expense	15	19	(4)	(21)
General and administrative expense	69	54	15	28
Total expenses	160	199	(39)	(20)
Adjusted operating loss	$ (21)	$ (50)	$ 29	58 %

NM Not Meaningful.

Our Corporate & Other segment includes our closed blocks of long term care ("LTC") insurance and fixed annuity and fixed indexed annuity ("FA") business.

Our Corporate & Other segment pretax adjusted operating loss excludes net realized investment gains or losses, the market impact on fixed deferred annuity contracts (net of hedges and the related DAC amortization), the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, gain or loss on disposal of a business that is not considered discontinued operations, integration and restructuring charges, and the impact of consolidating CIEs. Our Corporate & Other segment pretax adjusted operating loss decreased $29 million, or 58%, to $21 million for the three months ended March 31, 2021 compared to $50 million for the prior year period primarily reflecting the COVID-19 impacts on LTC insurance and a $15 million gain on a strategic investment, partially offset by an unfavorable change in the mark-to-market impact on share-based compensation expense and lower investment income.

LTC insurance had pretax adjusted operating earnings of $46 million for the three months ended March 31, 2021 compared to pretax adjusted operating earnings of $2 million for the prior year period reflecting fewer LTC clients entering nursing homes as well as increased mortality-related client terminations due to COVID-19.

FA business had a pretax adjusted operating loss of $4 million for the three months ended March 31, 2021 compared to a pretax adjusted operating earnings of nil for the prior year period reflecting the low interest rate impact on spread income.

RiverSource fixed deferred annuity account balances declined 4% to $7.9 billion as of March 31, 2021 compared to the prior year period as policies continue to lapse and the discontinuance of new sales of fixed deferred annuities and fixed index annuities due to the low interest rate environment as well as our strategic decisions regarding our fixed annuity business.

Net Revenues

Net investment income, which excludes net realized investment gains or losses, the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, integration and restructuring charges, and the impact of consolidating CIEs, decreased $4 million, or 4%, to $100 million for the three months ended March 31, 2021 compared to $104 million for the prior year period primarily reflecting lower average invested assets due to fixed annuity net outflows and lower portfolio yields, partially offset by a $15 million gain on a strategic investment.

Expenses

Benefits, claims, losses and settlement expenses, which excludes DSIC offset to net realized investment gains or losses, decreased $46 million, or 78%, to $13 million for the three months ended March 31, 2021 compared to $59 million for the prior year period primarily reflecting the impacts from COVID-19 on LTC insurance.

General and administrative expense, which excludes integration and restructuring charges, increased $15 million, or 28%, to $69 million for the three months ended March 31, 2021 compared to $54 million for the prior year period primarily due to a $22 million unfavorable change in the mark-to-market impact on share-based compensation expense.

Market Risk

Our primary market risk exposures are interest rate, equity price, foreign currency exchange rate and credit risk. Equity price and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the spread income generated on our fixed deferred annuities, fixed insurance, brokerage client cash balances, banking deposits, face-amount certificate products and the fixed portion of our variable annuities and variable insurance contracts, the value of DAC and DSIC assets, the value of liabilities for guaranteed benefits associated with our variable annuities and the value of derivatives held to hedge these benefits.

Our earnings from fixed deferred annuities, fixed insurance, and the fixed portion of variable annuities and variable insurance contracts are based upon the spread between rates earned on assets held and the rates at which interest is credited to accounts. We primarily invest in fixed rate securities to fund the rate credited to clients. We guarantee an interest rate to the holders of these products. Investment assets and client liabilities generally differ as it relates to basis, repricing or maturity characteristics. Rates credited to clients' accounts generally reset at shorter intervals than the yield on the underlying investments. Therefore, in an increasing interest rate environment, higher interest rates may be reflected in crediting rates to clients sooner than in rates earned on invested assets, which could result in a reduced spread between the two rates, reduced earned income and a negative impact on pretax income. However, the current low interest rate environment is resulting in interest rates below the level of some of our liability guaranteed minimum interest rates ("GMIRs"). Hence, a modest rise in interest rates would not necessarily result in changes to all the liability credited rates while projected asset purchases would capture the full increase in interest rates. This dynamic would result in widening spreads under a modestly rising rate scenario given the current relationship between the current level of interest rates and the underlying GMIRs on the business.

As a result of the low interest rate environment, our current reinvestment yields are generally lower than the current portfolio yield. We expect our portfolio income yields to continue to decline in future periods if interest rates remain low. The carrying value and weighted average yield of non-structured fixed maturity securities and commercial mortgage loans that may generate proceeds to reinvest through March 31, 2023 due to prepayment, maturity or call activity at the option of the issuer, excluding securities with a make-whole provision, were $4.4 billion and 2.3%, respectively, as of March 31, 2021. In addition, residential mortgage backed securities, which are subject to prepayment risk as a result of the low interest rate environment, totaled $10.0 billion and had a weighted average yield of 1.5% as of March 31, 2021. While these amounts represent investments that could be subject to reinvestment risk, it is also possible that these investments will be used to fund liabilities or may not be prepaid and will remain invested at their current yields. In addition to the interest rate environment, the mix of benefit payments versus product sales as well as the timing and volumes associated with such mix may impact our investment yield. Furthermore, reinvestment activities and the associated investment yield may also be impacted by corporate strategies implemented at management's discretion. The average yield for investment purchases during the three months ended March 31, 2021 was approximately 1.2%.

The reinvestment of proceeds from maturities, calls and prepayments at rates below the current portfolio yield, which may be below the level of some liability GMIRs, will have a negative impact to future operating results. To mitigate the unfavorable impact that the low interest rate environment has on our spread income, we assess reinvestment risk in our investment portfolio and monitor this risk in accordance with our asset/liability management framework. In addition, we may reduce the crediting rates on our fixed products when warranted, subject to guaranteed minimums.

In addition to the fixed rate exposures noted above, RiverSource Life has the following variable annuity guarantee benefits: guaranteed minimum withdrawal benefits ("GMWB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum death benefits ("GMDB") and guaranteed minimum income benefits ("GMIB"). Each of these benefits guarantees payouts to the annuity holder under certain specific conditions regardless of the performance of the underlying invested assets.

The variable annuity guarantees continue to be managed by utilizing a hedging program which attempts to match the sensitivity of the assets with the sensitivity of the liabilities. This approach works with the premise that matched sensitivities will produce a highly effective hedging result. Our comprehensive hedging program focuses mainly on first order sensitivities of assets and liabilities: Equity Market Level (Delta), Interest Rate Level (Rho) and Volatility (Vega). Additionally, various second order sensitivities are managed. We use various options, swaptions, swaps and futures to manage risk exposures. The exposures are measured and monitored daily, and adjustments to the hedge portfolio are made as necessary.

We have a macro hedge program to provide protection against the statutory tail scenario risk arising from variable annuity reserves on our statutory surplus and to cover some of the residual risks not covered by other hedging activities. We assess the residual risk under a range of scenarios in creating and executing the macro hedge program. As a means of economically hedging these risks, we may use a combination of futures, options, swaps and swaptions. Certain of the macro hedge derivatives used contain settlement provisions linked to both equity returns and interest rates; the remaining are interest rate contracts or equity contracts. The macro hedge program could result in additional earnings volatility as changes in the value of the macro hedge derivatives, which are designed to reduce statutory capital volatility, may not be closely aligned to changes in the variable annuity guarantee embedded derivatives.

To evaluate interest rate and equity price risk we perform sensitivity testing which measures the impact on pretax income from the sources listed below for a 12-month period following a hypothetical 100 basis point increase in interest rates or a hypothetical 10% decline in equity prices. The interest rate risk test assumes a sudden 100 basis point parallel shift in the yield curve, with rates then staying at those levels for the next 12 months. The equity price risk test assumes a sudden 10% drop in equity prices, with equity prices then staying at those levels for the next 12 months. In estimating the values of variable annuities, fixed deferred indexed annuities, stock market certificates, IUL insurance and the associated hedge assets, we assume no change in implied market volatility despite the 10% drop in equity prices.

The following tables present our estimate of the impact on pretax income from the above defined hypothetical market movements as of March 31, 2021:

	Equity Price Exposure to Pretax Income		
Equity Price Decline 10%	**Before Hedge Impact**	**Hedge Impact**	**Net Impact**
	(in millions)		
Asset-based management and distribution fees [1]	$ (321)	$ 3	$ (318)
DAC and DSIC amortization [2][3]	(40)	—	(40)
Variable annuities:			
GMDB and GMIB [3]	(10)	—	(10)
GMWB [3]	(291)	256	(35)
GMAB	(17)	17	—
Structured variable annuities	160	(133)	27
DAC and DSIC amortization [4]	N/A	N/A	3
Total variable annuities	(158)	140	(15)
Macro hedge program [5]	—	219	219
Fixed deferred indexed annuities	6	(4)	2
Certificates	—	(1)	(1)
IUL insurance	45	(42)	3
Total	$ (468)	$ 315	$ (150) [6]

N/A Not Applicable.

	Interest Rate Exposure to Pretax Income		
Interest Rate Increase 100 Basis Points	**Before Hedge Impact**	**Hedge Impact**	**Net Impact**
	(in millions)		
Asset-based management and distribution fees [1]	$ (58)	$ —	$ (58)
Variable annuities:			
GMWB	1,192	(1,477)	(285)
GMAB	19	(25)	(6)
Structured variable annuities	(12)	49	37
DAC and DSIC amortization [4]	N/A	N/A	43
Total variable annuities	1,199	(1,453)	(211)
Macro hedge program [5]	—	(4)	(4)
Fixed annuities, fixed insurance and fixed portion of variable annuities and variable insurance products	51	—	51
Banking deposits	54	—	54
Brokerage client cash balances	220	—	220
Fixed deferred indexed annuities	(1)	—	(1)
Certificates	14	—	14
IUL insurance	17	1	18
Total	$ 1,496	$ (1,456)	$ 83

N/A Not Applicable.

[1] Excludes incentive income which is impacted by market and fund performance during the period and cannot be readily estimated.
[2] Market impact on DAC and DSIC amortization resulting from lower projected profits.
[3] In estimating the impact to pretax income on DAC and DSIC amortization and additional insurance benefit reserves, our assumed equity asset growth rates reflect what management would follow in its mean reversion guidelines.

(4) Market impact on DAC and DSIC amortization related to variable annuity riders is modeled net of hedge impact.
(5) The market impact of the macro hedge program is modeled net of any related impact to DAC and DSIC amortization.
(6) Represents the net impact to pretax income. The estimated net impact to pretax adjusted operating income is approximately ($318) million.

The above results compare to an estimated negative net impact to pretax income of $73 million related to a 10% equity price decline and an estimated positive net impact to pretax income of $2 million related to a 100 basis point increase in interest rates as of December 31, 2020. The change in interest rate exposure as of March 31, 2021 compared to December 31, 2020 was driven by variable annuity riders, specifically GMWB, primarily due to changes in market rates.

Net impacts shown in the above table from GMWB riders result largely from differences between the liability valuation basis and the hedging basis. Liabilities are valued using fair value accounting principles, with risk margins incorporated in contractholder behavior assumptions and with discount rates increased to reflect a current market estimate of our risk of nonperformance specific to these liabilities. Our hedging is based on our determination of economic risk, which excludes certain items in the liability valuation including the nonperformance spread risk.

Actual results could differ materially from those illustrated above as they are based on a number of estimates and assumptions. These include assuming that implied market volatility does not change when equity prices fall by 10% and that the 100 basis point increase in interest rates is a parallel shift of the yield curve. Furthermore, we have not tried to anticipate changes in client preferences for different types of assets or other changes in client behavior, nor have we tried to anticipate all strategic actions management might take to increase revenues or reduce expenses in these scenarios.

The selection of a 100 basis point interest rate increase as well as a 10% equity price decline should not be construed as a prediction of future market events. Impacts of larger or smaller changes in interest rates or equity prices may not be proportional to those shown for a 100 basis point increase in interest rates or a 10% decline in equity prices.

Fair Value Measurements

We report certain assets and liabilities at fair value; specifically, separate account assets, derivatives, embedded derivatives and most investments and cash equivalents. Fair value assumes the exchange of assets or liabilities occurs in orderly transactions and is not the result of a forced liquidation or distressed sale. We include actual market prices, or observable inputs, in our fair value measurements to the extent available. Broker quotes are obtained when quotes from pricing services are not available. We validate prices obtained from third parties through a variety of means such as: price variance analysis, subsequent sales testing, stale price review, price comparison across pricing vendors and due diligence reviews of vendors. See Note 11 to the Consolidated Financial Statements for additional information on our fair value measurements.

Fair Value of Liabilities and Nonperformance Risk

Companies are required to measure the fair value of liabilities at the price that would be received to transfer the liability to a market participant (an exit price). Since there is not a market for our obligations of our variable annuity riders, fixed deferred indexed annuities, structured variable annuities, and IUL insurance, we consider the assumptions participants in a hypothetical market would make to reflect an exit price. As a result, we adjust the valuation of variable annuity riders, fixed deferred indexed annuities, structured annuities, and IUL insurance by updating certain contractholder assumptions, adding explicit margins to provide for profit, risk and expense, and adjusting the rates used to discount expected cash flows to reflect a current market estimate of our nonperformance risk. The nonperformance risk adjustment is based on observable market data adjusted to estimate the risk of our life insurance company subsidiaries not fulfilling these liabilities. Consistent with general market conditions, this estimate resulted in a spread over the LIBOR swap curve as of March 31, 2021. As our estimate of this spread widens or tightens, the liability will decrease or increase. If this nonperformance credit spread moves to a zero spread over the LIBOR swap curve, the reduction to future net income would be approximately $334 million, net of DAC, DSIC, unearned revenue amortization, the reinsurance accrual and income taxes (calculated at the statutory tax rate of 21%), based on March 31, 2021 credit spreads.

Liquidity and Capital Resources

Overview

We maintained substantial liquidity during the three months ended March 31, 2021. At March 31, 2021 and December 31, 2020, we had $5.5 billion and $6.8 billion, respectively, in cash and cash equivalents excluding CIEs and other restricted cash on a consolidated basis.

At March 31, 2021 and December 31, 2020, the parent company had $905 million and $1.1 billion, respectively, in cash, cash equivalents, and unencumbered liquid securities. Liquid securities predominantly include U.S. government agency mortgage back securities. Additional sources of liquidity include a line of credit with an affiliate up to $1.0 billion and an unsecured revolving committed credit facility for up to $750 million that expires in October 2022. Management's estimate of liquidity available to the parent company in a volatile and uncertain economic environment as of March 31, 2021 was $2.3 billion which includes cash, cash equivalents, unencumbered liquid securities, the line of credit with an affiliate and a portion of the committed credit facility.

Under the terms of the committed credit facility, we can increase the availability to $1.0 billion upon satisfaction of certain approval requirements. Available borrowings under this facility are reduced by any outstanding letters of credit. At March 31, 2021, we had no

outstanding borrowings under this credit facility and had $1 million of outstanding letters of credit. Our credit facility contains various administrative, reporting, legal and financial covenants. Compliance with these covenants is not currently impaired by the COVID-19 pandemic, and we remain in compliance with all such covenants at March 31, 2021.

In addition, we have access to collateralized borrowings, which may include repurchase agreements and Federal Home Loan Bank ("FHLB") advances. Our subsidiaries, RiverSource Life Insurance Company ("RiverSource Life"), and Ameriprise Bank, FSB are members of the FHLB of Des Moines, which provides access to collateralized borrowings. We had $200 million of borrowings from the FHLB, which is collateralized with commercial mortgage backed securities and residential mortgage backed securities for both March 31, 2021 and December 31, 2020. We believe cash flows from operating activities, available cash balances and our availability of revolver borrowings will be sufficient to fund our operating liquidity needs and stress requirements.

We continue to monitor and respond to the ongoing COVID-19 pandemic. Our risk management strategy is designed to provide proactive protection during stress events such as the current pandemic. We believe our process is working as intended, and our liquidity and capital resources have remained a source of balance sheet strength during the three months ended March 31, 2021.

Dividends from Subsidiaries

Ameriprise Financial is primarily a parent holding company for the operations carried out by our wholly-owned subsidiaries. Because of our holding company structure, our ability to meet our cash requirements, including the payment of dividends on our common stock, substantially depends upon the receipt of dividends or return of capital from our subsidiaries, particularly our life insurance subsidiary, RiverSource Life, our face-amount certificate subsidiary, Ameriprise Certificate Company ("ACC"), AMPF Holding Corporation, which is the parent company of our retail introducing broker-dealer subsidiary, Ameriprise Financial Services, LLC ("AFS") and our clearing broker-dealer subsidiary, American Enterprise Investment Services, Inc. ("AEIS"), our transfer agent subsidiary, Columbia Management Investment Services Corp., our investment advisory company, Columbia Management Investment Advisers, LLC, and Ameriprise International Holdings GmbH, which is the parent company of Threadneedle Asset Management Holdings Sàrl. The payment of dividends by many of our subsidiaries is restricted and certain of our subsidiaries are subject to regulatory capital requirements.

Actual capital and regulatory capital requirements for our wholly owned subsidiaries subject to regulatory capital requirements were as follows:

	Actual Capital		Regulatory Capital Requirements	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
RiverSource Life [1][2]	$ 4,522	$ 5,021	N/A	$ 993
RiverSource Life of NY [1][2]	240	323	N/A	42
ACC [4][5]	368	387	337	362
Threadneedle Asset Management Holdings Sàrl [6]	601	445	205	204
Ameriprise Bank, FSB [4] [7]	672	658	217	543
AFS [3][4]	153	134	#	#
Ameriprise Captive Insurance Company [3]	41	41	13	8
Ameriprise Trust Company [3]	43	42	38	37
AEIS [3][4]	148	122	27	25
RiverSource Distributors, Inc. [3][4]	13	12	#	#
Columbia Management Investment Distributors, Inc. [3][4]	10	16	#	#

N/A Not applicable as only required to be calculated annually.

Amounts are less than $1 million.

[1] Actual capital is determined on a statutory basis.

[2] Regulatory capital requirement is the company action level and is based on the statutory risk-based capital filing.

[3] Regulatory capital requirement is based on the applicable regulatory requirement, calculated as of March 31, 2021 and December 31, 2020.

[4] Actual capital is determined on an adjusted GAAP basis.

[5] ACC is required to hold capital in compliance with the Minnesota Department of Commerce and SEC capital requirements.

[6] Actual capital and regulatory capital requirements are determined in accordance with U.K. regulatory legislation. The regulatory capital requirements at March 31, 2021 represent calculations at December 31, 2020 of the rule based requirements, as specified by FCA regulations.

[7] Regulatory capital requirement is based on minimum requirements for well capitalized banks in accordance with the Office of the Comptroller of the Currency ("OCC"). Beginning in the first quarter of 2021, Ameriprise Bank transitioned to the Simplified Supervisory Formula Approach ("SSFA") for risk-weighting non-agency securitized investments, resulting in a significant reduction in risk-weighted assets and an improvement in regulatory capital ratios that were already in a well-capitalized position.

In addition to the particular regulations restricting dividend payments and establishing subsidiary capitalization requirements, we take into account the overall health of the business, capital levels and risk management considerations in determining a strategy for payments to our parent holding company from our subsidiaries, and in deciding to use cash to make capital contributions to our subsidiaries.

During the three months ended March 31, 2021, the parent holding company received cash dividends or a return of capital from its subsidiaries of $621 million (including $250 million from RiverSource Life) and contributed cash to its subsidiaries of $34 million. During the three months ended March 31, 2020, the parent holding company received cash dividends or a return of capital from its subsidiaries of $510 million (including $250 million from RiverSource Life) and contributed cash to its subsidiaries of $141 million (including $100 million to Ameriprise Bank, FSB).

In 2009, RiverSource established an agreement to protect its exposure to Genworth Life Insurance Company ("GLIC") for its reinsured LTC. In 2016, substantial enhancements to this reinsurance protection agreement were finalized. The terms of these confidential provisions within the agreement have been shared, in the normal course of regular reviews, with our domiciliary regulator and rating agencies. GLIC is domiciled in Delaware so in the event GLIC were subjected to rehabilitation or insolvency proceedings, such proceedings would be located in (and governed by) Delaware laws. Delaware courts have a long tradition of respecting commercial and reinsurance affairs as well as contracts among sophisticated parties. Similar credit protections to what we have with GLIC have been tested and respected in Delaware and elsewhere in the United States, and as a result we believe our credit protections would be respected even in the unlikely event that GLIC becomes subject to rehabilitation or insolvency proceedings in Delaware. Accordingly, while no credit protections are perfect, we believe the correct way to think about the risks represented by our counterparty credit exposure to GLIC is not the full amount of the gross liability that GLIC reinsures, but a much smaller net exposure to GLIC (if any that might exist after taking into account our credit protections). Thus, management believes that our agreement and offsetting non LTC legacy arrangements with Genworth will enable RiverSource to recover on all net exposure in all material respects in the event of a rehabilitation or insolvency of GLIC.

Dividends Paid to Shareholders and Share Repurchases

We paid regular quarterly dividends to our shareholders totaling $129 million and $126 million for the three months ended March 31, 2021 and 2020, respectively. On April 26, 2021, we announced a quarterly dividend of $1.13 per common share. The dividend will be paid on May 21, 2021 to our shareholders of record at the close of business on May 10, 2021.

In August 2020, our Board of Directors authorized us to repurchase up to $2.5 billion of our common stock through September 30, 2022. As of March 31, 2021, we had $1.9 billion remaining under this share repurchase authorizations. We intend to fund share repurchases through existing working capital, future earnings and other customary financing methods. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means. During the three months ended March 31, 2021, we repurchased a total of 1.7 million shares of our common stock at an average price of $218.54 per share.

Cash Flows

Cash flows of CIEs and restricted and segregated cash and cash equivalents are reflected in our cash flows provided by (used in) operating activities, investing activities and financing activities. Cash held by CIEs is not available for general use by Ameriprise Financial, nor is Ameriprise Financial cash available for general use by its CIEs. Cash and cash equivalents segregated under federal and other regulations is held for the exclusive benefit of our brokerage customers and is not available for general use by Ameriprise Financial.

Operating Activities

Net cash provided by operating activities decreased $5.9 billion to net cash used in operating activities of $1.0 billion for the three months ended March 31, 2021 compared to net cash provided by operating activities of $4.9 billion for the prior year period primarily reflecting a $3.7 billion decrease in policyholder account balances, future policy benefits and claims, net, a $1.6 billion decrease in net income and a $480 million decrease in cash from changes in brokerage deposits.

Investing Activities

Our investing activities primarily relate to our Available-for-Sale investment portfolio. Further, this activity is significantly affected by the net flows of our investment certificate, fixed annuity and universal life products reflected in financing activities.

Net cash used in investing activities increased $769 million to $809 million for the three months ended March 31, 2021 compared to $40 million for the prior year period primarily reflecting a $716 million increase in cash used for purchases of Available-for-Sale securities, a $505 million decrease in net cash flows related to investments of consolidated investment entities, partially offset by a $541 million decrease in proceeds from sales of Available-for-Sale securities and a $914 million increase in proceeds from maturities, sinking fund payments and calls of Available-for-Sale securities.

Financing Activities

Net cash provided by financing activities decreased $195 million to $433 million for the three months ended March 31, 2021 compared to $628 million for the prior year period primarily reflecting a $1.8 billion decrease in cash from changes in banking deposits, a $750 million decrease in repayments of our senior notes, and a $323 million decrease in net cash flows from investment certificates, partially offset by a $797 million increase in borrowings by consolidated investment entities, a $300 million increase in net cash flows related to purchased options with deferred premiums and a $101 million increase in net cash flows related to policyholder account balances.

Contractual Commitments

There have been no material changes to our contractual obligations disclosed in our 2020 10-K.

Off-Balance Sheet Arrangements

We provide asset management services to investment entities which are considered to be VIEs, such as CLOs, hedge funds, property funds and other private funds, which are sponsored by us. We consolidate certain CLOs. We have determined that consolidation is not required for hedge funds, property funds and other private funds, which are sponsored by us. Our maximum exposure to loss with respect to our investment in these non-consolidated entities is limited to our carrying value. We have no obligation to provide further financial or other support to these investment entities nor have we provided any support to these investment entities. See Note 4 to our Consolidated Financial Statements for additional information on our arrangements with these investment entities.

Forward-Looking Statements

This report contains forward-looking statements that reflect management's plans, estimates and beliefs. Actual results could differ materially from those described in these forward-looking statements. Examples of such forward-looking statements include:

- statements of the Company's plans, intentions, positioning, expectations, objectives or goals, including those relating to asset flows, mass affluent and affluent client acquisition strategy, client retention and growth of our client base, financial advisor productivity, retention, recruiting and enrollments, the introduction, cessation, terms or pricing of new or existing products and services, acquisition integration, benefits and claims expenses, general and administrative costs, consolidated tax rate, return of capital to shareholders, debt repayment and excess capital position and financial flexibility to capture additional growth opportunities;
- statements of the Company's position, future performance and ability to pursue business strategy relative to the spread and impact of the COVID-19 pandemic and the related market, economic, client, governmental and healthcare system response;
- statements about the expected trend in the shift of the variable annuity sales business away from products with living benefit guarantees over time;
- statements about the Company's announced acquisition of BMO's European-based asset management business, including the expected timing to close the transaction and the expected AUM of the acquired business;
- other statements about future economic performance, the performance of equity markets and interest rate variations and the economic performance of the United States and of global markets; and
- statements of assumptions underlying such statements.

The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," "forecast," "on track," "project," "continue," "able to remain," "resume," "deliver," "develop," "evolve," "drive," "enable," "flexibility," "scenario," "case" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements.

Such factors include, but are not limited to:

- the impacts on our business of the COVID-19 pandemic and the related economic, client, governmental and healthcare system responses;
- market fluctuations and general economic and political factors, including volatility in the U.S. and global market conditions, client behavior and volatility in the markets for our products;
- changes in interest rates and periods of low interest rates;
- adverse capital and credit market conditions or any downgrade in our credit ratings;
- effects of competition and the economics of changes in our product revenue mix and distribution channels;
- declines in our investment management performance;
- our ability to compete in attracting and retaining talent, including financial advisors;
- impairment, negative performance or default by financial institutions or other counterparties;
- the ability to maintain our unaffiliated third-party distribution channels and the impacts of sales of unaffiliated products;
- changes in valuation of securities and investments included in our assets;
- the determination of the amount of allowances taken on loans and investments;

- the illiquidity of our investments;
- effects of the elimination of LIBOR on, and value of, securities and other assets and liabilities tied to LIBOR;
- failures by other insurers that lead to higher assessments we owe to state insurance guaranty funds;
- failures or defaults by counterparties to our reinsurance arrangements;
- inadequate reserves for future policy benefits and claims or for future redemptions and maturities;
- deviations from our assumptions regarding morbidity, mortality and persistency affecting our insurance profitability;
- changes to our reputation arising from employee or advisor misconduct or otherwise;
- interruptions or other failures in our operating systems and networks, including errors or failures caused by third-party service providers, interference or third-party attacks;
- interruptions or other errors in our telecommunications or data processing systems;
- identification and mitigation of risk exposure in market environments, new products, vendors and other types of risk;
- ability of our subsidiaries to transfer funds to us to pay dividends;
- changes in exchange rates and other risks in connection with our international operations and earnings and income generated overseas;
- occurrence of natural or man-made disasters and catastrophes;
- legal and regulatory actions brought against us;
- changes to laws and regulations that govern operation of our business;
- supervision by bank regulators and related regulatory and prudential standards as a savings and loan holding company that may limit our activities and strategies;
- changes in corporate tax laws and regulations and interpretations and determinations of tax laws impacting our products;
- protection of our intellectual property and claims we infringe the intellectual property of others;
- changes in and the adoption of new accounting standards; and
- changes that could give rise to the termination of the purchase agreement with BMO Financial Group or our ability to recognize the expected benefits from the transaction.

Management cautions the reader that the foregoing list of factors is not exhaustive. There may also be other risks that management is unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Management undertakes no obligation to update publicly or revise any forward-looking statements. The foregoing list of factors should be read in conjunction with the “Risk Factors” discussion included in Part I, Item 1A of our 2020 10-K.

Ameriprise Financial announces financial and other information to investors through the Company’s investor relations website at ir.ameriprise.com, as well as SEC filings, press releases, public conference calls and webcasts. Investors and others interested in the company are encouraged to visit the investor relations website from time to time, as information is updated and new information is posted. The website also allows users to sign up for automatic notifications in the event new materials are posted. The information found on the website is not incorporated by reference into this report or in any other report or document the Company furnishes or files with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Risk” in this report is incorporated herein by reference. These disclosures should be read in conjunction with the “Quantitative and Qualitative Disclosures About Market Risk” discussion included as Part II, Item 7A of our 2020 10-K filed with the SEC on February 24, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) designed to provide reasonable assurance that the information required to be reported in the Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in and pursuant to SEC regulations, including controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. It should be noted that, because of inherent limitations, our company's disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our company's Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable level of assurance as of March 31, 2021.

Changes in Internal Control over Financial Reporting

We implemented a new financial system during the first quarter of fiscal 2021. The new system allows us to maximize financial system functionality, enable a scalable platform and simplify processes for reporting and analytics. As part of the financial system implementation, we enhanced and modified certain existing internal controls within our general ledger, accounts payable, fixed assets, and financial reporting functions. We will continue to monitor and ensure effectiveness of any changes in internal controls. There have been no other changes to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 16 to the Consolidated Financial Statements in Part I, Item 1 is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors provided in Part I, Item 1A of our 2020 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents the information with respect to purchases made by or on behalf of Ameriprise Financial, Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the first quarter of 2021:

	(a)	(b)	(c)	(d)
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1]
January 1 to January 31, 2021				
Share repurchase program [1]	294,325	$ 203.86	294,325	$ 2,217,553,589
Employee transactions [2]	163,146	$ 199.06	N/A	N/A
February 1 to February 29, 2021				
Share repurchase program [1]	532,872	$ 215.83	532,872	$ 2,102,546,271
Employee transactions [2]	690,154	$ 208.30	N/A	N/A
March 1 to March 31, 2021				
Share repurchase program [1]	833,598	$ 225.47	833,598	$ 1,914,596,094
Employee transactions [2]	65,168	$ 225.63	N/A	N/A
Totals				
Share repurchase program [1]	1,660,795	$ 218.55	1,660,795	
Employee transactions [2]	918,468	$ 207.89	N/A	
	2,579,263		1,660,795	

N/A Not applicable.

[1] In August 2020, our Board of Directors authorized an expenditure of up to $2.5 billion for the repurchase of our common stock through September 30, 2022. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means.

[2] Includes restricted shares withheld pursuant to the terms of awards under the Company's share-based compensation plans to offset tax withholding obligations that occur upon vesting and release of restricted shares. The value of the restricted shares withheld is the closing price of common stock of Ameriprise Financial, Inc. on the date the relevant transaction occurs. Also includes shares withheld pursuant to the net settlement of Non-Qualified Stock Option ("NQSO") exercises to offset tax withholding obligations that occur upon exercise and to cover the strike price of the NQSO. The value of the shares withheld pursuant to the net settlement of NQSO exercises is the closing price of common stock of Ameriprise Financial, Inc. on the day prior to the date the relevant transaction occurs.

ITEM 6. EXHIBITS

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q. The exhibit numbers followed by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, File No. 1-32525, filed on May 1, 2014).
3.2	Amended and Restated Bylaws of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.2 to the Annual Report on Form 10-K, File No. 1-32525, filed on February 24, 2021).
4.1	Form of Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to Form 10 Registration Statement, File No. 1-32525, filed on August 19, 2005).
	Other instruments defining the rights of holders of long-term debt securities of the registrant are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The registrant agrees to furnish copies of these instruments to the SEC upon request.
10.1*†	Ameriprise Financial 2007 Long-Term Incentive Award Program Guide
31.1*	Certification of James M. Cracchiolo pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Walter S. Berman pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32*	Certification of James M. Cracchiolo and Walter S. Berman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Ameriprise Financial, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020; (ii) Consolidated Statements of Comprehensive Income for the three months ended March 31, 2021 and 2020; (iii) Consolidated Balance Sheets at March 31, 2021 and December 31, 2020; (iv) Consolidated Statements of Equity for the three months ended March 31, 2021 and 2020; (v) Consolidated Statements of Cash Flows for the three months ended March 31, 2021 and 2020; and (vi) Notes to the Consolidated Financial Statements.
104	The cover page from Ameriprise Financial, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 is formatted in iXBRL and contained in Exhibit 101.

** Filed electronically herewithin.*

† Management contract or compensation plan or arrangement

SIGNATURES

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.

AMERIPRISE FINANCIAL, INC.
(Registrant)

Date: May 10, 2021

By: /s/ Walter S. Berman
Walter S. Berman
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 10, 2021

By: /s/ John R. Hutt
John R. Hutt
Senior Vice President – Corporate Finance and Controller
(Principal Accounting Officer)

Exhibit 10.1

Ameriprise Financial, Inc.
2007 Long-Term Incentive Award Program Guide

This Guide is available on ***Inside*** for awards granted in January 2007 and forward.

THIS DOCUMENT IS PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933.

Revised November 2020

2007 Long-Term Incentive Award Program Guide

Information regarding awards granted beginning January 2007

Contents

Long-Term Incentive Award Program 1
LTIA Program Overview 1
Summary of the Types of Awards under the Plan 2
Restricted Stock Awards 3
Valuing RSA Grants 3
Vesting 3
Quarterly dividends 3
Treatment of RSAs upon Certain Events 3
Non-Qualified Stock Options 3
Valuing NQSO Grants 4
Vesting 4
Steps for Exercising NQSOs 4
Illustration of NQSO Exercise Methods * 6
Treatment of NQSOs upon Certain Events 6
Restricted Stock Units 7
Valuing RSU Grants 7
Vesting 7
Quarterly Dividend Equivalents 7
Treatment of RSUs upon Certain Events 7
Performance Stock Units (for executive officers only) 7
Performance Cash Units 7
Tax Implications for LTIAs (U.S. only) 7
RSAs and RSUs: Income & Employment Tax Implications 8
NQSOs: Income and Employment Tax Implications 9
Multi-State Taxation Process 9
Section 409A of the Code 9
Treatment of LTIAs upon Certain Events 10
Part-Time Employment Status 10
Employment Termination 10
Leave of Absence 11
Death 11
Disability Termination 11
Retirement 12
Transfer between Business Segments 12
Transfer from Field Eligible Employee to Franchise Advisor 12
Situations of Detrimental Conduct 12
Compensation Recovery or "Clawback" Policy *(For executive officers only)* 13
Change in Control of the Company 13
Payments to Certain U.S. Taxpayers upon a Change in Control of the Company 14
Resale of Shares Received Under the Plan 14
Major Terms and Conditions of NQSOs, RSAs and RSUs 14
Non-Qualified Stock Options 15
Restricted Stock Awards and Restricted Stock Units 15
Administrative Information about this Guide 16
About this Guide 16
About the Illustrations 17
Award Confirmation Materials 17
Governing Award Documents 17
AMP Shares Available for Grant under the Plan 17
Plan Administration 18
Performance-Based Compensation 18
Adjustments upon Changes in Capitalization 18

Revised November 2020

Tax Withholding 18
Assignment and Transfer 19
Amendment 19
Term of the Plan 19
Resources 19
Availability of Certain Information and Incorporation of Documents by Reference 19
Contact Information 21

Long-Term Incentive Award Program

The Long-Term Incentive Award ("LTIA") program is designed to align Participants' interests with those of the shareholders of Ameriprise Financial, Inc. (the "Company"). By providing a stake in the Company's future success, LTIAs are considered essential to our efforts to attract and retain talented employees.

LTIAs are equity-based or cash-based incentive awards (*i.e.*, non-qualified stock options, restricted stock awards, restricted stock units, performance cash units, performance stock units and other equity-based awards) issued pursuant to the Ameriprise Financial 2005 Incentive Compensation Plan, as amended and restated (the "Plan"). All LTIAs are recommended for approval by the Compensation and Benefits Committee (the "Committee") of the Company's Board of Directors (the "Board") or the Committee's duly authorized delegate. The timing and process for approval and issuance of such awards will be governed by the Ameriprise Financial Long-Term Incentive Award Policy – Grant Practices and Procedures. Once the recommended awards are approved and granted, they are then communicated to employees by their leaders, as well as by email notification.

LTIA Program Overview

Restricted Stock Awards ("RSAs"), Non-qualified Stock Options ("NQSOs"), Restricted Stock Unit Awards ("RSUs"), Performance Stock Units ("PSUs") and Performance Cash Units ("PCUs") (collectively, "Awards" or "LTIAs") are issued pursuant to the terms of the Plan at the discretion and subject to the administration of the Committee.

All Awards issued under the Plan will contain the general terms set forth in the applicable provisions of this 2007 Long-Term Incentive Award Program Guide (this "Guide"). The specific terms of an individual Award will be contained in the Shareworks online award agreement or certificate delivered to the Participant in connection with the grant of an Award. All Awards are subject to the terms and conditions of the Plan, the Guide and the Award detail, as well as any administrative guidelines or interpretations by the Committee under the Plan, and any such guidelines or interpretations are hereby incorporated into this Guide by reference and made a part of this Guide. PSUs and PCUs will also be subject to the terms and conditions of the PSU Supplement to this Guide or the PCU Supplement to this Guide, as applicable.

The Plan provides that Awards may be settled in cash and/or in shares of Company common stock ("AMP Shares") or other property; however, the medium of settlement for an individual Award will be contained in the Award certificate. As used in this Guide, the term "shares" refers to the common shares of the Company having a par value of $.01 per share, or the shares of any other stock of any other class into which such shares may thereafter be changed.

The chart on the following page summarizes the key features of the types of awards granted under the LTIA program. This Guide describes awards management expects to recommend for grant and may not cover the specific features of every award. However, this Guide is intended to cover the terms of the vast majority of Awards, and you may generally rely on it for the governance of your awards unless the Company communicates something different to you in writing.

If the type of awards granted changes from what is described in this Guide, the LTIA Administration Group will provide you with detailed information regarding any changes. Detailed information about various award types, tax implications and other award features is contained in the following sections.

Summary of the Types of Awards under the Plan

This section summarizes general features of RSAs, NQSOs, RSUs, PSUs and PCUs. Detailed information about the various Award types is contained in sections that follow.

	RSA	NQSO	RSU	PSU and PCU
Intent and Form of Award	A grant of AMP Shares in which the Participant's rights in the shares are restricted and such shares are nontransferable until they vest.	The opportunity to purchase (or exercise) a specific number of AMP Shares after the award vests. NQSOs, to the extent vested and subject to other Award requirements, may be exercised while continuously employed[1], but in no event later than 10 years after the grant date.	A contractual right to deliver AMP Shares when the Award vests.	A contractual right to deliver a number of AMP Shares (for a PSU, or, in the case of a PCU, an amount of cash) based on attainment of the applicable performance conditions over the applicable performance period.
Size of Grant	Generally, the dollar value of the award is converted to a specific number of AMP Shares (at fair market value) on the grant date.	Generally, a Black-Scholes valuation model is used to convert the dollar value of the award to a specific number NQSOs on the grant date.	Same as RSAs.	For PSUs, the number of AMP shares distributable is determined pursuant to your applicable Award details in the same manner as RSAs. For PCUs, the amount of cash payable at target is the dollar value of the award.
Vesting Schedule[2]	Vests in substantially equal installments over a three-year period, or according to such other vesting schedule specified in the Award detail.	Same as RSAs.	Same as RSAs.	The performance period for a PSU or a PCU is generally three years. Awards generally "cliff vest" at the end of the performance period and become payable no later than the following March 15th, after the payout for that period has been determined.
Dividends/ Dividend Equivalents	Quarterly dividends, if and to the extent declared, will be paid in cash during the vesting period.	An NQSO, whether vested or unvested, is not entitled to dividends or dividend equivalents.	Quarterly dividend equivalents, if and to the extent declared, will be paid in cash during the vesting period.	Each PSU earned will be entitled to a cash payment equal to the amount of any dividends declared and paid during the performance period and through the payment date. Any such dividend equivalent payment will vest and be paid at the same time as the underlying PSU. PCUs are not entitled to dividends or dividend equivalents.
Voting Rights for Unvested AMP Shares	Yes.	No.	No.	No.
Income & Employment Taxation (U.S. only)	Generally, taxable upon vesting of the AMP Shares.	Taxable upon exercise of the NQSO.	Generally, taxable upon delivery of the AMP Shares (note: FICA taxes may be payable and withheld before an RSU vests and AMP Shares delivered).	Generally, taxable upon delivery of the AMP Shares or, in the case of a PCU, cash.

[1] Continuous employment with the Company or one of its subsidiaries is required through the date of exercise of the NQSO, provided that in certain situations, exercise may be permitted for a limited period following termination of employment (but in no event later than 10 years after the grant date), as set forth in this Guide under "Treatment of LTIAs upon Certain Events."

[2] Continuous employment is required through each vesting date, unless an exception is set forth in this Guide under "Treatment of LTIAs upon Certain Events."

Restricted Stock Awards

An RSA is a grant of AMP Shares. On the date of grant, your rights to the shares are restricted and you may not sell, assign or otherwise transfer the shares until they vest, which is contingent upon you remaining employed with the Company or one of its subsidiaries through each vesting date. Once vested, you receive the AMP Shares free from such restrictions. Quarterly dividends, if any, are paid on your unvested AMP Shares during the vesting period. You have full voting rights for all of your unvested AMP Shares.

Valuing RSA Grants

The value of an RSA share at vesting is equal to the Company's closing share price as reported on the New York Stock Exchange on the vesting date, or if there is no reported closing price on the vesting date, then the closing price as reported by the New York Stock Exchange on the last previous day on which such closing price was reported. For example, if 150 restricted AMP Shares vest in January and the closing AMP Share price at vesting is $85, the pretax value of these AMP Shares would be $12,750 ($85 x 150 = $12,750). (See the "About the Illustrations" section in this Guide for an important disclosure.)

Vesting

RSAs generally vest in equal installments over a three-year period, starting with the first anniversary of the grant date and ending on the third anniversary of the grant date. The Award detail you receive with your RSA will include a personalized vesting schedule.

Upon a vesting date, the restrictions will lapse on the number of AMP Shares specified in your Award to vest on such date. Any required tax withholding will be paid by withholding AMP Shares from the number of shares that vest on such date. The net AMP Shares that will be in your account following vesting will be the number of AMP Shares specified in your Award to vest on such date less the number of AMP Shares necessary to satisfy any tax withholding requirements. Once the restrictions have lapsed and the required tax withholdings have been satisfied, you may sell, assign or otherwise transfer your AMP Shares at any time, subject to securities laws governing insider trading, short-swing profit rules and Company stock ownership and retention guidelines and black-out periods. **You are responsible for knowing and abiding by the applicable laws and Company policies regarding your stock and stock-based awards.**

Quarterly dividends

Cash dividends paid on AMP Shares, as declared by the Board, are paid quarterly during the vesting period. The dividend payment amount is determined each quarter and stated as a per-share amount that is multiplied by the number of unvested AMP Shares in your award. For example, if a quarterly dividend is $0.45 per share and you have 500 unvested AMP Shares, your quarterly dividend payment would equal $225 ($0.45 x 500 = $225).

To change the address where your dividend check is mailed, to request a dividend check replacement or to set-up electronic payment, contact the Transfer Agent. Contact information can be found in the "Contact Information" section in this Guide.

Treatment of RSAs upon Certain Events

For information on the treatment of RSAs upon retirement, employment termination, leave of absence, etc., please see the "Treatment of LTIAs upon Certain Events" section in this Guide.

Non-Qualified Stock Options

An NQSO gives you the right to purchase a specified number of AMP Shares at the exercise price set forth in the Award, subject to continuous employment and other vesting requirements and exercise period limitations. The exercise price is equal to the closing stock price as reported on the New York Stock Exchange composite tape on the grant date. Once an NQSO becomes vested, you determine when to exercise the option (before its expiration) and how to pay for the option exercise. Unless your Award detail provides otherwise, an NQSO expires on the date that is 10 years after the date of grant, or upon your earlier termination of employment with the Company or one of its subsidiaries, provided that in certain situations, you may be permitted to exercise the NQSO for a limited period following termination of employment and prior to its award expiration date (please see the "Treatment of LTIAs upon Certain Events" section in this Guide). "Non-qualified" refers to the tax

treatment of the option under the U.S. Internal Revenue Code of 1986, as amended (the "Code").

Valuing NQSO Grants

NQSOs earn value if the Company's stock price increases above the exercise price. Once an NQSO becomes vested, you have the right to pay the exercise price to exercise the option and acquire the AMP Shares. For example, assume that 500 vested NQSOs were granted at the exercise price of $50 per share and the price of an AMP Share increases to $75. If you decided to exercise the NQSO, the pre-tax gain on these options would be $12,500 (($75 - $50 = $25) x 500 = $12,500). (See the "About the Illustrations" section in this Guide for an important disclosure.)

Vesting

NQSOs generally become vested and available for exercise in equal installments over a three-year period, starting with the first anniversary of the grant date and ending on the third anniversary of the grant date. The Award detail you receive in connection with an NQSO grant will include a personalized vesting schedule.

Steps for Exercising NQSOs

(These steps are for U.S. employees; exercise steps outside the United States may differ due to local requirements.) Generally, you may exercise the vested portion of an NQSO as soon as it vests or at any subsequent time prior to its award expiration date, as long as you remain employed with the Company or one of its subsidiaries through the exercise date. It is your responsibility to track your NQSO expiration date(s), including any early expiration of your NQSO in connection with the termination of your employment, to ensure you realize any value through a timely exercise. As with any investment decision, you are strongly urged to consult with your personal financial advisor before exercising an NQSO.

Follow these steps to exercise the vested portion of an NQSO:

1. The execution of an NQSO exercise requires you to have a valid non-qualified Ameriprise brokerage account. If you do not have one, contact your advisor or call the Ameriprise Advisor Center at 1-877-370-3950 to set up an account. Initiating an NQSO exercise without having an AMP brokerage account can delay the ability to exercise your NQSOs.

2. Sign into your account with Shareworks to exercise your stock options. Indicate how you plan to pay for the AMP Shares you are purchasing by exercising the option and any required tax withholdings. You may pay the exercise cost (the per-share exercise price multiplied by the number of shares) and required tax withholdings using one of these payment options (in U.S. dollars):

   - **Net Exercise:** Instruct Ameriprise Financial Brokerage Services ("AFBS"), our exclusive broker, to withhold a portion of the exercised shares equal in fair market value to the exercise cost plus any required tax withholdings to the Company in lieu of paying the exercise price in cash. The number of shares withheld to cover the required tax withholding is determined using the closing price of AMP Shares as reported by the New York Stock Exchange on the day preceding the date of exercise (or if there is no reported closing price on the day preceding the date of exercise, then the closing price as reported by the New York Stock Exchange on the last previous day on which such closing price was reported); provided, however, if the exercise is made pursuant to a limit order, then the limit price is used to determine the number of shares withheld to cover the required tax withholding. There is no fee to open a brokerage account with AFBS, and you will pay a reduced commission if AFBS sells shares on your behalf. Regular brokerage account maintenance fees apply. **Please note that the Net Exercise method replaced the Cashless Exercise method for all NQSOs granted under the Plan on or after Feb. 6, 2012.**

   - **Cashless Exercise:** Instruct AFBS to sell all exercised shares and pay the exercise cost and any required tax withholdings from the proceeds. There is no fee to open a brokerage account with AFBS, and you will pay a reduced commission when AFBS sells shares on your behalf. **The Cashless Exercise method is only available for**

NQSOs granted under the Plan on or before Feb. 5, 2012.

- **Buy-and-Hold Exercise: (Cash Exercise, using cash in AFBS account):** Pay the exercise cost by instructing AFBS to take funds from your brokerage cash account.

If you choose to pay the exercise cost using the Buy-and-Hold Exercise, you must have the funds available in your brokerage account prior to initiating your exercise activity. You may pay any required minimum tax withholding by instructing AFBS to take funds from your brokerage cash account to pay the required minimum tax withholding, or instructing AFBS to withhold and sell the appropriate number of shares (otherwise available from the exercise) to pay the required minimum tax withholding. Note: Shares cannot be sold until after tax withholding liability has been determined. Due to price fluctuation (between exercise and disposition of shares), the exact number of shares needed to cover taxes will not be known immediately upon exercise.

3. **Additional Approvals, Restrictions and Reporting** (For Bands 50 and above and certain other Participants only)

   - **Obtain required pre-clearance.** The Corporate Secretary's Office will provide you with an email explaining the pre-clearance process. It is important to understand, however, that pre-clearance may not be granted, depending on the facts and circumstances.
     OR
   - **Provide required notice**. Other Band 50 and above Participants are required to provide advance notice to their Executive leader if the exercise request exceeds certain hurdles (*e.g.*, the request would result in the exercise of more than 40% of your available AMP NQSOs within any 90-day period).

   Note*:* Regardless of whether one has received pre-clearance or provided the required notice, he or she remains legally responsible for compliance with the federal securities laws prohibiting trading in securities when aware of nonpublic information about Ameriprise or its securities that a reasonable investor would consider significant when trading in those securities. Participants who are subject to the regular quarterly blackouts on trading in Ameriprise securities, including the exercise of NQSOs, will receive emails from the Corporate Secretary informing them of the dates on which the blackout will begin and end, as well as the related policy requirements.

   - **Black-out period.** There is a quarterly black-out period when the trading window closes and remains closed for approximately four weeks, as declared, until the Company's earnings for the preceding quarter are made public. Other black-out periods may apply as determined by the Corporate Secretary's Office. All affected Participants will receive an email from the Corporate Secretary's Office quarterly stating the blackout dates including a copy of the Ameriprise Securities Trading Policy.

     Important: If your NQSO will expire during a Company-declared black-out period, you must take action to exercise the NQSO <u>prior to the start of the black-out period</u>. You will be solely responsible for any loss if you fail to exercise the NQSO before such black-out period. During the black-out period, you can no longer exercise the NQSO absent a hardship exception, which is rarely granted, and the NQSO will be cancelled on the expiration date.

   - (For Bands 70 and above only) **Affirm stock ownership requirements are met or requirements understood if not yet met.** The Company has implemented stock ownership guidelines for executives. These guidelines have been communicated to affected executives. All Band 70 and above Participants will receive a stock ownership summary statement not less frequently than annually.

   - *(For executive officers only)* Participants who are executive officers of the Company also need to be aware that all of their acquisitions and dispositions of AMP Shares, including AMP Shares and similar rights under the Plan, the Ameriprise Financial 401(k) Plan and all other stock-based compensation plans maintained by the Company or its subsidiaries, may be subject to the reporting requirements and short-swing trading restrictions under

Section 16 of the Securities Exchange Act of 1934. Participants who are executive officers of the Company should consult with their personal financial or legal advisor prior to selling and/or buying AMP Shares.

The provisions and procedures described above are subject to change.

Illustration of NQSO Exercise Methods*

(For U.S. purposes only) The illustration shows three ways to exercise an NQSO. In this example, assume a U.S. employee chooses to exercise 1,000 NQSO shares with an exercise price of $30 per share. Assume the market price preceding the exercise date is $50 per share.

		Exercise Method		
		Net Exercise	**Cashless Exercise**	**Buy-and-Hold**
A	Market value of exercised AMP Shares at $50 ($50 per share x 1,000 shares)	$50,000		
B	Exercise cost paid ($30 per share x 1,000 shares)	$30,000 600 shares will be withheld to pay the exercise cost (i.e., 600 shares x $50 per share)	All 1,000 shares will be sold in the open market. $30,000 of the sale proceeds will be paid to the Company to pay the exercise cost	In order to pay the exercise cost ($30,000), a Participant must have the necessary funds in his or her AFBS account prior to initiating an online exercise.
C	Pre-Tax Gain (A – B)	$20,000		
D	Minimum U.S. tax withholding paid (C x 40% assumed tax)	$8,000 160 shares will be withheld to cover the required tax withholdings (160 x $50 per share)	$8,000 of the sale proceeds will be paid to the Company to cover the required tax withholdings	The Participant will instruct AFBS either to take $8,000 from his or her brokerage account, or to withhold 160 shares to cover the required tax withholdings
E	Incremental value after exercise cost and tax withholding (A – B – D)	$12,000		
F	Incremental share ownership (or net proceeds) from exercise	240 shares with a value of $12,000 (1,000 - 600 for exercise cost -160 for required tax withholdings)	$12,000 in cash	Assuming you withhold shares to cover the required tax withholdings, 840 shares (1,000 - 160 shares withheld for taxes)
Minus any applicable broker commissions.				

* See “About the Illustrations” for an important disclosure.

Treatment of NQSOs upon Certain Events

To find out how your NQSOs will be treated upon retirement, employment termination, retirement, leave of absence, etc., please see the “Treatment of LTIAs upon Certain Events” section in this Guide.

Restricted Stock Units

Under an RSU, AMP Shares are not issued to you on the grant date. Instead, an RSU represents the Company's contractual obligation to issue a specified number of AMP Shares to you at the end of the vesting period applicable to your Award. During this period, you receive quarterly dividend equivalent payments that are the equivalent value of any AMP Share dividends that are declared and paid during such calendar quarter. Any such dividend equivalents will be paid to you as soon as practicable following the payment to shareholders of the related dividend, but in no event later than 75 days following such date. You do not have voting rights for shares under any unvested portion of the RSU until such shares become vested and are issued to you.

Valuing RSU Grants

RSUs are valued in the same manner as RSAs. The value of an RSU share at vesting is equal to the Company's closing share price as reported on the New York Stock Exchange composite tape on the vesting date.

Vesting

RSUs generally vest in equal installments over a three-year period, starting with the first anniversary of the grant date and ending on the third anniversary of the grant date. The Award detail you receive with your RSU will include a personalized vesting schedule.

Upon a vesting date, the restrictions will lapse on the number of AMP Shares specified in your Award to vest on such date. Any required tax withholding will be paid by withholding AMP Shares from the number of shares that vest on such date. The net AMP Shares that will be in your account following vesting will be the number of AMP Shares specified in your Award detail to vest on such date less the number of AMP Shares necessary to satisfy any tax withholding requirements. Once the restrictions have lapsed and the required tax withholdings have been satisfied, you may sell your AMP Shares at any time, subject to securities laws governing insider trading, short-swing profit rules and Company stock ownership and retention guidelines and black-out periods. **You are responsible for knowing and abiding by the applicable laws and Company policies regarding your stock and stock-based awards.**

As explained in greater detail in the section in this Guide titled "RSAs and RSUs: Income & Employment Tax Implications," please note that in some instances FICA (Social Security and Medicare) taxes may be payable before an Award vests and you receive AMP Shares.

Quarterly Dividend Equivalents

Unlike RSAs, RSUs are not entitled to receive payment of any AMP Share dividends, as declared by the Board, during the vesting period. However, RSUs are entitled to receive a dividend equivalent payment from the Company equal to the amount of the AMP Share dividends that are paid to shareholders during the vesting period. For example, if a quarterly dividend is $0.45 per share and you have 500 unvested AMP Shares, your quarterly dividend equivalent payment would equal $225 ($0.45 x 500 = $225).

Treatment of RSUs upon Certain Events

For information about how your RSUs will be treated upon certain events, such as retirement, employment termination, leave of absence, etc., please see "Treatment of LTIAs upon Certain Events."

Performance Stock Units (for executive officers only)

PSUs are subject to the terms of the PSU Supplement to this Guide and your PSU Award certificate. Please refer to the separate PSU Supplement to this Guide that was provided to you and your PSU Award for details and provisions pertaining to these Awards.

Performance Cash Units

PCUs are subject to the terms of the PCU Supplement to this Guide and your PCU Award certificate. Please refer to the separate PCU Supplement to this Guide on ***Inside*** and your PCU Award for details and provisions pertaining to these Awards.

Tax Implications for LTIAs (U.S. only)

The following is a summary description of the United States federal income and employment tax

consequences generally arising with respect to RSAs, NQSOs and RSUs issued under the Plan. For U.S. federal income tax consequences of PSUs and PCUs, please refer to the PSU Supplement to this Guide or PCU Supplement to this Guide, as applicable. **There may also be state and local taxes applicable to these awards.** This summary is not intended to be a complete description of all possible tax consequences of LTIAs issued under the Plan, and you should be aware that different tax treatments may apply outside of the United States depending upon your country of residence and/or citizenship.

RSAs and RSUs: Income & Employment Tax Implications

The tax rules that apply to your RSA or RSU award vary based on your tax jurisdiction. Below is a brief summary of the general U.S. federal income tax implications for U.S. taxpayers. **The Company is not providing advice to you on the tax treatment of any LTIA. You are strongly urged to consult with your personal tax advisor on the applicable tax implications of RSA or RSU awards and selling acquired AMP Shares in light of your individual circumstances.**

For employees subject to U.S. federal income tax, there are no federal income tax consequences when an RSA or RSU award is granted. When the restricted period expires and RSA shares vest (*i.e.*, the RSA shares become transferable or no longer subject to a substantial risk of forfeiture, whichever occurs earlier) or when RSU shares are delivered to you, you receive ordinary compensation income based on the market value of an AMP Share on the day of vesting or delivery, as applicable. Your Form W-2 wage and earnings statement will indicate that you had ordinary compensation income equal to the market value of your vested AMP Shares.

Income resulting from the vesting of RSA shares or the delivery of RSU shares is subject to statutory withholding for U.S. federal income tax and FICA taxes (Social Security and Medicare), plus any applicable statutory state and local withholding. (**NOTE:** The actual income tax you owe will be based on your individual circumstances and may be more or less than the income tax withheld.) The net AMP Shares deposited into your account will be the number of AMP Shares specified in your RSA or RSU award less the necessary number of AMP Shares needed to satisfy any tax withholding requirements. **Please note that in some instances FICA taxes may be payable before an Award vests and you receive AMP Shares. For example, if you become eligible to retire during the vesting period for an RSU, generally, the RSU will be taxable for FICA purposes on the date that you become eligible to retire and not on the later vesting date or the date that you actually retire. In this case, only income taxes would apply at vesting or delivery, as applicable, of the AMP Shares.**

If you later sell AMP Shares acquired from the vesting of RSA shares or the delivery of RSU shares, you will realize a short-term or long-term capital gain (or loss) on the spread between the market value on the date of vesting or delivery (your cost basis) and the net proceeds you receive when you sell the AMP Shares. If you realize a gain after satisfying a minimum holding period (currently greater than one year) and are in a net capital gain position under applicable U.S. tax rules, you may be able to pay tax on the gain based on long-term capital gains tax rates. These rates are generally lower than ordinary income and short-term capital gains tax rates. If you realize a loss, you may be able to use that loss to offset any capital gains you may otherwise have. Any loss in excess of capital gains may, to a limited extent, be used to offset ordinary income, as permitted under applicable U.S. tax rules.

During the vesting period, any dividends or dividend equivalents paid on unvested RSA or RSU shares will be paid through the transfer agent and reflected in the earnings column under “R Stock Div” on your paycheck. Dividends or dividend equivalents paid on these shares are also considered ordinary income and are subject to the taxes described above. This ordinary income will appear on your Form W-2 wage and tax statement.

In advance of an RSA or RSU vesting event, you will receive a notification of this pending vesting from the Ameriprise LTIA Administration Group. This notification will provide you with important information and instructions in advance of the vesting date. Details of your RSA or RSU vesting event, including vesting date, market value of your vested AMP Shares, stock price used to calculate the fair market value, number of shares withheld to satisfy your tax obligation, breakdown of the taxes withheld and net shares delivered to you are available via Shareworks.

NQSOs: Income and Employment Tax Implications

The tax implications that apply when you exercise your NQSOs vary based on your tax jurisdiction. Below is a summary of the general U.S. federal income and employment tax implications for holders of NQSOs who are U.S. taxpayers. **The Company is not providing advice to you on the tax treatment of any LTIA, including the exercise of an NQSO. You are strongly urged to consult with your personal tax advisor on the applicable tax implications of NQSOs and selling acquired AMP Shares in light of your individual circumstances.**

For employees subject to U.S. federal income tax, in the year that you exercise an NQSO, your Form W-2 wage and tax statement will indicate that you had ordinary compensation income equal to the difference between the per-share exercise price and the market value of an AMP Share on the day of the exercise multiplied by the number of shares exercised on such date.

Income resulting from an NQSO exercise is subject to statutory withholding for U.S. federal income tax and FICA taxes (Social Security and Medicare), plus any applicable statutory state and local withholding. (**NOTE:** The actual income tax you owe will be based on your individual circumstances and may be more or less than the income tax withheld.) How you pay any required tax withholdings is determined based on which of the payment options you use to exercise your NQSO. Please refer to the sections in this Guide titled "Illustration of NQSO Exercise Methods" and "Steps for Exercising NQSOs" for additional information on the methods for paying required tax withholdings.

If you later sell AMP Shares acquired from an NQSO exercise, you will realize a short-term or long-term capital gain (or loss) on the spread between the market value on the date of exercise (your cost basis) and the net proceeds you receive when you sell the AMP Shares. If you realize a gain after satisfying a minimum holding period (currently greater than one year) and are in a net capital gain position under applicable U.S. tax rules, you may be able to pay tax on the gain based on long-term capital gains tax rates. These rates are generally lower than ordinary income and short-term capital gains tax rates. If you realize a loss, you may be able to use that loss to offset any capital gains you may otherwise have and any loss in excess of capital gains may, to a limited extent, be used to offset ordinary income, to the extent permitted under applicable U.S. tax rules.

Multi-State Taxation Process

If you work in multiple states or have transferred between states during your work tenure and awards have been granted during those years under the LTIA Program, **a state wage adjustment may be done to properly allocate your earnings**. Some individual states require a "look-back" allocation for various types of income, including the exercising of non-qualified stock options, vesting of restricted stock awards including RSAs and RSUs, as well as some other compensation distributions not granted under the LTIA Program.

Each year, the company engages the professional services of EY (Ernst & Young) to assist with the recalculation of the appropriate state wages for the various earnings. A year-end adjustment is then made so that the appropriate state allocation amount is reported correctly on your Form W-2, based on individual state rules for allocating these various types of compensation items. If you are affected by the multi-state taxation process, you will receive a report in early February each year for the prior year's activity from HR Services to support the final state allocations reported on your Form W-2.

Please Note: If you are affected by the multi-state taxation process, the state tax withholding amounts recorded in Shareworks are a record of the taxes withheld for NQSO exercises and/or RSA/RSU vesting events based upon the withholding rates as recorded in Payroll at the time the activity took place. Please consult your tax professional regarding the effect on your personal state tax return(s).

Section 409A of the Code

It is intended that all Awards under the Plan either comply with or are exempt from the requirements of Section 409A so as to prevent the inclusion in gross income of any benefits accrued thereunder in a taxable year prior to the taxable year or years in which such amount would otherwise be actually distributed or made available to the Participant. All Awards under the Plan shall be administered and interpreted in a manner that is consistent with such intention and the Company's Policy Regarding Section 409A Compliance.

Notwithstanding any other provision of this Guide to the contrary, to the extent that an Award constitutes nonqualified deferred compensation to which

Section 409A of the Code applies: (1) payments under such Award shall be made at a time and in a manner that satisfies the requirements of Section 409A of the Code and guidance of general applicability issued thereunder, including the provisions of Section 409A(a)(2)(B) of the Code to the extent distributions to any employee are required to be delayed six months; (2) references to "termination of employment" and similar terms mean the date that the Participant first incurs a "separation from service" within the meaning of Section 409A of the Code; and (3) payment shall be made as soon as administratively practicable following the permissible payment event, but in no event later than the end of the year in which the permissible payment event occurs, or, if later, by the 15th day of the third month following the date of the permissible payment event (and the Participant will not be permitted, either directly or indirectly, to designate the year of payment). If any payment that would otherwise be made under an Award is required to be delayed by reason of this section, such payment shall be made at the earliest date permitted by Section 409A of the Code. The amount of any delayed payment shall be the amount that would have been paid prior to the delay and shall be paid without interest.

Treatment of LTIAs upon Certain Events

Existing policies regarding the treatment of outstanding RSAs, NQSOs and RSUs under certain circumstances are described below. For the treatment of outstanding PSUs and PCUs, please refer to the PSU Supplement to this Guide or PCU Supplement to this Guide, as applicable. The Committee may amend the following policies for any or all outstanding and future LTIAs. For specific information about the treatment of your LTIAs, please see the applicable section of this Guide that describes the following specific events:

- Part-time employment status
- Employment termination
- Rehire
- Leave of absence
- Death
- Disability termination
- Retirement
- Transfer between business segments
- Transfer from field eligible employee to franchise advisor
- Situations of Detrimental Conduct (Bands 50 and above) and
- Change in Control of the Company

Part-Time Employment Status

Outstanding LTIAs continue to vest while you are on part-time status, subject to the Company's right to adjust or terminate any outstanding LTIAs, based on its determination of a significant change in your duties and responsibilities.

Employment Termination

This section pertains to employment terminations other than retirement, death or disability (which are separately described below).

Voluntary Termination: If you terminate your employment with the Company for any reason other than death, disability or retirement, your unvested LTIAs will be forfeited on your last day of employment. There are no exceptions to this rule. Any vested and exercisable NQSOs that you do not exercise within 90 days after your last day of employment (and before the award expiration date, if earlier) will expire and be canceled.

Involuntary Termination Not Eligible for Severance Under Company Plan: Except as indicated below, if your employment is terminated for any reason other than death, disability or retirement or in connection with a Change in Control (which is separately described below) *and* you are not entitled to receive benefits under a Company severance plan (as defined by the Company), your outstanding LTIAs, including any exercisable NQSO shares that have not been exercised, will expire and be canceled on your last day of employment (or the award expiration date, if earlier). For the avoidance of doubt, your vested NQSOs will be canceled on your last day of employment and you will <u>not</u> have 90 days after your last day of employment during which to exercise your vested NQSOs.

Terminations in Connection with Certain Company Actions: If your employment is terminated as a result of certain Company actions, such as the divestiture of a business unit, and you are not entitled to receive benefits under a Company severance plan (as defined by the Company), your unvested NQSOs, RSAs and RSUs will be canceled on the earlier of the award expiration date or your last day of employment. You will have 90 days from your last day of employment (or until the award expiration date, if earlier) to exercise any vested and exercisable NQSO shares. Your vested NQSOs will expire and be canceled upon the earlier of the end of the 90-day period following your termination and award expiration date.

Involuntary Termination Eligible for Severance Under Company Plan: If your employment is terminated and you receive benefits under a Company severance plan (as defined by the Company) in the form of payments over a specified severance period, your unvested NQSOs, RSAs and RSUs will be canceled on the earlier of the award expiration date or last day of your severance period. You will have 90 days from the last day of your severance period (or until the award expiration date, if earlier) to exercise any vested and exercisable NQSOs. However, if you begin a new full-time position outside the Company (other than self-employment) during the severance period, your outstanding LTIAs will be canceled upon commencement of such employment, regardless of the continuation of severance payments.

If your employment is terminated and you receive benefits under a Company severance plan (as defined by the Company) in the form of a lump-sum payment, your outstanding unvested NQSOs, RSAs and RSUs will be canceled as of your last day of employment. You will have 90 days from your last day of employment (or until the award expiration date, if earlier) to exercise any vested and exercisable NQSOs. Your vested NQSOs will expire and be canceled upon the earliest of the end of the 90-day period following your termination, the date that you commence a new full-time position outside the Company (other than self-employment) and the award expiration date.

Rehire: Please note that in the event you terminate your employment with the Company or your employment is terminated by the Company and any of your outstanding LTIAs are canceled and/or forfeited, and you are subsequently rehired by the Company, any LTIAs that were canceled and or forfeited at termination will **not** be reinstated upon rehire.

Leave of Absence

Outstanding LTIAs continue to vest when you are on a leave of absence (as determined by the applicable Company policies) subject to the Company's right to adjust or terminate any outstanding LTIAs, based on its discretion of a significant change in your duties and responsibilities and/or related employment.

Death

The following chart shows how RSAs, RSUs and NQSOs are treated if your employment with the Company terminates due to your death.

Award Type	Provisions
RSA and RSU	Outstanding RSAs and RSUs become 100% vested and are paid as soon as administratively practicable following the date of death.
NQSO	Outstanding NQSOs at death become 100% exercisable. NQSOs are exercisable by the estate for up to 12 months after the date of death or the remaining term of the NQSO, whichever is earlier.

In the event of your death, shares for all RSAs and RSUs that vest will automatically be issued to your estate. Because NQSO Awards cannot be transferred, the Executor/Executrix of your estate must open an Ameriprise Financial estate brokerage account to exercise any NQSOs. The estate is then responsible for distributing any funds or shares according to the laws of descent and distribution.

Disability Termination

The following chart shows how your RSAs, RSUs and NQSOs are treated if your employment with the Company terminates due to a qualifying disability (as defined by the Company).

Award Type	Provisions
RSA and RSU	Outstanding RSAs and RSUs become 100% vested and are paid as soon as administratively practicable following your termination of employment due to disability.

NQSO	Outstanding NQSOs become 100% exercisable. NQSOs are exercisable for up to 12 months after termination of employment due to disability or the remaining term of the NQSO, whichever is earlier.

Retirement

The following chart shows how RSAs, RSUs and NQSOs are treated upon "Retirement." The applicable definition of Retirement for all LTIAs granted to U.S.-based Participants is attainment of age 55 with at least 10 years of applicable service at the point of termination, regardless of any pension plan or other definitions of retirement.

Award Type	Provisions
RSA and RSU	Grants awarded in the calendar year you retire are forfeited. All other awards remain outstanding and continue to vest and will be paid upon the otherwise applicable vesting date under your Award certificate.
NQSO	Grants awarded in the calendar year you retire are forfeited. All other awards remain outstanding and continue to vest. NQSOs are exercisable for up to five years after your retirement or the remaining term of the NQSO, whichever is earlier. Your NQSOs expire and are forfeited upon the earlier of the end of the five-year post-retirement period or the applicable expiration date.

Transfer between Business Segments

Outstanding LTIAs continue to vest when you transfer from one business segment to another, subject to the Company's right to adjust or terminate any outstanding LTIAs, based on its discretion of a significant change in your duties and responsibilities and/or related employment.

Transfer from Field Eligible Employee to Franchise Advisor

Certain provisions for LTIA continuation apply to awards held by employees (limited to those employees in eligible field sales leadership roles) who transition to franchise advisor without a break in service. The applicable provisions are available on ***Inside***, and such provisions are incorporated into, and part of the terms and conditions of, Awards under the Plan.

Situations of Detrimental Conduct

(Bands 50 and above)
To protect the interests of the Company and all employees, the Company has implemented Detrimental Conduct Provisions, affecting Plan Participants in Bands 50 and above. These provisions support the multi-year performance objectives of LTIAs, and such provisions are incorporated into, and part of the terms and conditions of, Awards under the Plan.

Detrimental Conduct Provisions specify how LTIAs and LTIA payments will be handled in the event a Band 50 or above employee joins a defined competitor ("Competition"), leaves and solicits business customers, solicits or hires Ameriprise Financial employees, discloses confidential information or trade secrets, denigrates the Company or Company employees or otherwise engages in conduct that is against the Company's interests during certain time periods, in each case, as defined by the Company (each, a "Restricted Activity").

For Bands 50 and 60 Participants: Competition during employment or the six-month period after termination of employment or engaging in any Restricted Activity during the twelve-month period after termination of employment results in the cancellation of all outstanding Awards and repayment of any gain realized upon the exercise of NQSOs (as of the exercise date), any payments made or shares delivered under PSUs or PCUs and any shares delivered under RSAs and RSUs, in each case, during the twelve months prior to, and the 90 days following, your termination of employment.

For Bands 70 and above Participants:
Competition during employment or the twelve-month period after termination of employment or engaging in any Restricted Activity during the twelve-month

period after termination of employment results in the cancellation of all outstanding Awards and repayment of any gain realized upon the exercise of NQSOs (as of the exercise date), any payments made or shares delivered under PSUs or PCUs and any shares delivered under RSAs and RSUs, in each case, during the two years prior to, and the 90 days following, your termination of employment.

Please note: This is a summary of the Detrimental Conduct Provisions that apply to LTIAs generally. Please review the Consent to the Application of Forfeiture and Detrimental Conduct Provisions to Long-Term Incentive Awards and/or any other restrictive covenant agreements between you and the Company or any of its subsidiaries for the specific detrimental conduct provisions and/or restrictive covenants that apply to your Awards.

Compensation Recovery or "Clawback" Policy *(For executive officers only)*

The Committee approved a compensation recovery or "clawback" policy (the "Clawback Policy") that applies to all Awards granted to executive officers, including the Company's Executive Leadership Team, on or after January 1, 2011. Under the Clawback Policy, if you engage in intentional misconduct that causes or substantially causes a material restatement of the Company's financial reports, and the restated financial results would have resulted in a lesser number of AMP Shares or a lesser amount of cash being granted to you under an Award, or a lesser number of AMP Shares or a lesser amount of cash being paid or delivered to you, in each case, within the 12-month period following the issuance of such inaccurate financial statement, then the Committee, in its sole discretion, may require you to forfeit all or a portion of your outstanding Awards or to repay all or a portion of the gains that you realized under your Awards during such period. In addition, effective for Awards made on or after January 1, 2020, if you are found liable for having engaged in an intentional and material violation of law that results in significant reputational harm or financial loss to the Company, the Committee, in its sole discretion, has the right to require you to forfeit all or a portion of your outstanding Awards. The Committee may amend the Clawback Policy from time to time as it determines necessary or advisable, and such amended policy will apply to your Awards.

Change in Control of the Company

The Plan's provisions regarding a Change in Control of the Company (a "CIC") have been designed to preserve earned or anticipated compensation and benefits if a CIC were to occur. The goal of the Plan's CIC provisions is to help you maintain your focus on your work during the uncertainty that accompanies a potential CIC.

Generally, as the term is used in this Guide, a CIC includes the following:

1. A third party acquires 25% or more of the Company's common shares or voting securities.
2. A majority of the Board is replaced.
3. The consummation of certain mergers, reorganizations, consolidations and sales of assets.
4. The consummation of a complete liquidation or dissolution of the Company.

If a merger or other business combination transaction between the Company and another party occurs, a CIC will occur if any of the following conditions are present:

- Parties who were Ameriprise Financial shareholders before the transaction own 50% or less of the voting securities of the new company resulting from the business combination, or their ownership is not substantially in the same proportions as before the transaction.
- An unaffiliated party ends up owning 25% or more of the voting securities of the new company (other than a party who owns 25% or more before the transaction).
- A majority of the Board of the new company is made up of individuals who were not Ameriprise Financial Board members at the time the deal was signed or approved.

In the event of a CIC, outstanding RSAs, RSUs and NQSOs issued on or before December 31, 2012 would vest immediately if those Awards are not continued, assumed, or replaced in connection with the Change in Control. The vesting of RSAs, RSUs and NQSO awards granted on or after January 1, 2013 will accelerate only upon the occurrence of both a CIC <u>and</u> your termination of employment in a

manner that entitles you to severance under the applicable severance plan within two years following the CIC. For the treatment of outstanding PSUs and PCUs, please refer to the PSU Supplement to this Guide or PCU Supplement to this Guide, as applicable.

Change in Control situations are complex and involve a variety of possible circumstances. In the event of a CIC, the Company will provide detailed information to you about any compensation and benefits programs that may have special CIC provisions.

Payments to Certain U.S. Taxpayers upon a Change in Control of the Company

(This section applies to U.S. taxpayers only. This material is highly complex. In the event of a CIC, the Company will provide detailed information to you.)

In summary, Sections 280G and 4999 of the Code impose a 20 percent excise tax (in addition to regular income and employment taxes) on certain compensatory payments (referred to as "excess parachute payments") to certain individuals (referred to as "disqualified individuals") that are made in connection with a change in ownership or control of a corporation. Generally, disqualified individuals include individual shareholders who own more than one percent of the fair market value of the stock of the Company, the top 50 most highly compensated officers of the Company and its subsidiaries and the top 250 most highly compensated employees or independent contractors of the Company and its subsidiaries. The actual list of disqualified individuals can only be determined based on information available at the time of a CIC, based on applicable IRS guidance.

In the event of a CIC, a disqualified individual may be liable for the 20 percent excise tax on a portion of his or her LTIAs and other compensation and benefits if the value of such compensation and benefits constitute excess parachute payments. The determination of whether all or a portion of the value of a payment or a benefit is an excess parachute payment is highly complex and can only be determined based on information available at the time of a CIC, based on applicable IRS guidance.

In the event of a CIC, if the Company determines that you are a disqualified individual and that you will receive excess parachute payments, then the Company will perform a "best net" calculation to determine whether you receive a better economic result by continuing to be entitled to all of the compensation and benefits and by paying the excise tax yourself or by having your entitlement to accelerated vesting and/or payment limited to the minimum extent necessary to avoid the excise tax. The Company will determine, in its sole discretion, which approach is more favorable to you and will apply it. You will not be eligible for additional payments to offset the impact of any excise tax. If the limit is applied, LTIAs and value not accelerated for disqualified individuals will continue to be governed by applicable award documents and paid out as applicable.

Resale of Shares Received Under the Plan

The U.S. securities laws impose restrictions on the resale of AMP Shares by individuals who are "affiliates" of the Company. Affiliates may resell their AMP Shares by complying with Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") or by registering their AMP Shares for sale under the Securities Act. These restrictions do not apply to individuals who are not affiliates of the Company.

Major Terms and Conditions of NQSOs, RSAs and RSUs

The terms and provisions of LTIAs granted on or after Jan. 1, 2007, are different than the terms and conditions of LTIAs granted prior to January 1, 2007. The terms and conditions of the prior LTIA Guide will continue to apply to all awards granted prior to Jan. 1, 2007.

Non-Qualified Stock Options

The following table summarizes the terms and conditions of NQSOs. Keep in mind this is only a summary, and the actual Plan document, Program Guide and Award details will govern.

NQSO Awards	
Voluntary Termination and Involuntary Termination Eligible for Severance	
-- Unvested	Forfeited
-- Exercise Period for Vested	90 days after termination or remaining term of grant, whichever is earlier
Involuntary Termination Not Eligible for Severance (except for Terminations in Connection with Certain Company Actions; see applicable section in Guide)	
-- Unvested	Forfeited
-- Exercise Period for Vested	0 days after termination
Death & Disability	
-- Unvested	Vesting accelerated
-- Exercise Period for Vested	Up to 12 months after death or disability or remaining term of grant, whichever is earlier
Retirement	
-- Unvested	(Age 55+ and 10 years of service) Grants awarded in calendar year of retirement are forfeited. All other grants remain outstanding and continue to vest
-- Exercise Period for Vested	Up to five years or remaining term of grant, whichever is earlier
Vesting	Three-year vesting schedule: vest at 33 1/3% per year for three years following the date of grant, or another vesting schedule as specified.
Detrimental Conduct Provisions (Bands 50 and Above Only)	See your Detrimental Conduct Agreement and the Competitor List posted on ***Inside***
Clawback Policy – Executive Officers, including Executive Leadership Team, Only	A compensation recovery or "clawback" policy applies to all Awards granted to executive officers on or after January 1, 2011.
Transfer to Franchise Advisor (Eligible Field employees Only)	Please refer to the Treatment of Long-Term Incentive Awards for Employees Transferring to Ameriprise Financial Franchise Advisor Status found on ***Inside*** for most recent information

Restricted Stock Awards and Restricted Stock Units

The following table summarizes the terms and conditions of RSAs and RSUs. Keep in mind this is only a summary, and the actual Plan document, Program Guide and Award details will govern.

RSAs and RSUs Awards	
Voluntary Termination and Involuntary Termination Eligible for Severance – Unvested	Forfeited
Involuntary Termination Not Eligible for Severance (except for Terminations in Connection with Certain Business Dispositions; see applicable section in Guide) -- Unvested	Forfeited
Death & Disability – Unvested	Vesting and distribution of shares accelerated
Retirement – Unvested	(Age 55+ and 10 years of service) RSAs and RSUs awarded in calendar year of retirement are forfeited All other RSAs and RSUs remain outstanding and continue to vest and shares will be distributed at the otherwise applicable vesting date
Vesting	Three-year vesting schedule: vest at 33 1/3% per year for three years following the date of grant, or another vesting schedule as specified.
Detrimental Conduct Provisions (Bands 50 and Above Only)	See your Detrimental Conduct Agreement and the Competitor List posted on ***Inside***
Clawback Policy – Executive Officers, including Executive Leadership Team, Only	A compensation recovery or "clawback" policy applies to all Awards granted to executive officers on or after January 1, 2011
Transfer to Franchise Advisor (Eligible Field employees Only)	Please refer to the Treatment of Long-Term Incentive Awards for Employees Transferring to Ameriprise Financial Franchise Advisor Status found on ***Inside*** for most recent information

Administrative Information about this Guide

About this Guide

This Guide sets forth the terms, conditions and features of Awards granted pursuant to the Plan. In the event of a conflict or inconsistency between this Guide and the Plan, the Plan provisions will govern. The general nature of the Plan and its terms and conditions are described here, but the information contained in this Guide is for general guidance only and is not intended to be a complete description of the Plan.

The LTIA program is designed for eligible employees of the Company, and any of its subsidiaries participating in the Plan, as determined by the Committee. Awards are granted at the discretion of the Committee, or, to the extent permitted by the Plan, its delegate, and are subject to local market regulations and legislation, which could change at any time. Also note that while the tax laws that apply to Participants are based on each employee's tax jurisdiction, and the tax information provided in this Guide is for U.S. purposes only. **The Company strongly urges all employees to consult their personal tax advisor with any questions or issues regarding their Awards or their participation in the Plan.**

The Board, and to the extent authority has been delegated to the Committee, the Committee, may, from time to time, alter, amend, interpret, suspend or

terminate the Plan and applicable Plan documents as it shall deem advisable, without the prior consent or notice of employees (including, but not limited to, alignment with legislative or regulatory developments) subject to the terms of the Plan document, including the rules and regulations of the principal securities market on which AMP Shares are traded.

This Guide does not constitute a contract of employment between the Company and any individual or an obligation by the Company to maintain any particular compensation or benefit plan, program, practice or policy. This Guide does not replace or change an existing contract of employment between the Company and any individual. The Company has taken steps to ensure the accuracy of this Guide; however, it reserves the right to issue corrected information in the event of an error.

About the Illustrations

All Award illustrations and corresponding values shown in this Guide are for hypothetical purposes only and are based upon financial, share price and other assumptions about future events or circumstances, which may or may not actually occur. All Awards are subject to continuous employment and other award requirements.

The illustrations are hypothetical and not meant to imply that the Company will achieve certain stock prices or growth rates, or has achieved any stated growth rate consistently in the past. The value and return on Company common stock will fluctuate over time and may be worth more or less than the values shown in these illustrations. Past performance is no guarantee of future results. Please consult your personal financial advisor on the value, tax and other implications of your LTIAs under the Plan, as applicable to your circumstances. This Guide is not intended to provide any financial or tax advice.

Award Confirmation Materials

All employee recipients of LTIAs will have online access to their individual LTIA information and grant details through the Company's online administrative platform, Shareworks.

Governing Award Documents

The Plan, the applicable Award communications or detail, this Guide and any supplement to this Guide contain the controlling provisions of each Award granted pursuant to the Plan. These documents, along with Committee decisions, will govern in cases of conflict, ambiguity or miscommunication. No employee has the authority to change or supersede LTIA provisions or Committee decisions. Any representation to the contrary will be void and nonbinding on the Company.

The provisions of all Awards and this Guide are governed by, and subject to, the laws of the State of New York, United States of America, without regard to its conflict of law provisions, as provided in the Plan.

AMP Shares Available for Grant under the Plan

54,400,000 AMP Shares are authorized for issuance under the Plan. Of such total, as of April 30, 2014, no more than 4,500,000 shares may be issued for what are referred to as "full value" awards, which are Awards other than stock options or stock appreciation rights. AMP Shares issued under the Plan may be either newly issued shares or treasury shares.

Excluding AMP Shares that may be issued with respect to Substitution Awards, the maximum number of AMP Shares that may be covered by options or stock appreciation rights granted to any Participant in any calendar year will not exceed 3,000,000 AMP Shares. Further, the amount payable in cash to any Participant for any calendar year for all Awards other than options or stock appreciation rights will not exceed $30,000,000.

If any shares subject to an award are forfeited, expire or otherwise terminate without issuance of such shares, or any award is settled for cash or otherwise does not result in the issuance of all or a portion of the shares subject to such award, such shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or nonissuance, again be available for issuance under the Plan. Shares withheld by the Company to satisfy tax withholding requirements for Awards other than options or stock appreciation rights will also again be available for issuance under the Plan.

For the avoidance of doubt, in the event that (i) any stock option is exercised through the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, (ii) withholding tax liabilities arising from such option or stock appreciation right are satisfied by the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, or (iii) any shares are repurchased by the Company with the proceeds from option exercises, the shares so tendered or withheld or repurchased shall not become available for issuance under the Plan.

Plan Administration

The Committee may from time to time designate the people who should be granted Awards under the Plan and the amount, type and other terms and conditions of Awards. Subject to the terms and limitations of the Plan, the Committee will have full discretion and authority to administer the Plan, including authority to interpret and construe the provisions and terms of Awards and to adopt rules and regulations under the Plan.

Notwithstanding the Committee's broad authority under the Plan, the Committee generally may not reprice, adjust or amend the exercise price of outstanding stock options or the strike price of outstanding stock appreciation rights, whether through amendment, cancellation and replacement grant, or any other means, nor permit the exchange of an outstanding option for cash or another award, unless such action is approved by the Company's shareholders. In addition, certain amendments to the Plan require shareholder approval.

The Plan is not subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and it is not qualified under the Internal Revenue Code.

The Board appoints Committee members for an annual term. The Board may remove any Committee member for cause, and a majority of the shareholders may remove a Committee member for any reason. No Committee member is an employee of the Company or has any business undertakings with the Company.

Performance-Based Compensation

To the extent that an Award is intended to qualify as performance-based compensation under Section 162(m) of the Code, the Committee may grant Awards based on achievement of one or more of the following performance measures:

- Net income or operating net income (before or after taxes, interest, depreciation, amortization, and/or nonrecurring/unusual items),
- Return on assets, return on capital, return on equity, return on economic capital, return on other measures of capital, return on sales or other financial criteria,
- Revenue or net sales,
- Gross profit or operating gross profit,
- Cash flow,
- Productivity or efficiency ratios,
- Share price or total shareholder return,
- Earnings per share,
- Budget and expense management,
- Customer and product measures, including market share, high value client growth, and customer growth,
- Working capital turnover and targets,
- Margins, and
- Economic value added or other value-added measurements (considered absolutely or relative to historic performance or relative to one or more other businesses and determined for the Company or a business unit or division).

Such performance goals shall be established and measured by the Committee within the time period prescribed by, and shall otherwise comply with, the requirements of Section 162(m) of the Code.

Adjustments upon Changes in Capitalization

If the outstanding shares of Company common stock are changed by reason of any stock split, stock dividend, combination, subdivision or exchange of shares, recapitalization, merger, consolidation, reorganization or other extraordinary or unusual event, the Committee, to the extent that it determines adjustments to be appropriate, will direct that appropriate changes be made in the maximum number or kind of securities that may be issued under the Plan and in the terms of certain outstanding awards, including the number of shares or securities subject to awards and the exercise

price or other stock price or share-related provisions of awards.

Tax Withholding

The Plan provides that the Committee is authorized to establish procedures to enable Participants to elect to satisfy certain federal, state and local withholding tax requirements using any method approved by the Committee. Such methods may include, but are not required to include, withholding such amounts from the Participant's compensation, the Participant paying such amounts in cash, the Participant tendering previously acquired AMP Shares or the Company withholding AMP Shares otherwise issuable under the Award. If a Participant tenders AMP Shares or instructs the Company to withhold AMP Shares, only the number of AMP Shares sufficient to satisfy the minimum withholding tax requirements will be tendered or withheld.

Assignment and Transfer

LTIAs may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution, except as permitted by the Committee.

Amendment

Our Board of Directors may at any time suspend or discontinue the Plan or revise or amend it in any way; however, the Board generally may not reprice, adjust or amend the exercise price of outstanding stock options or the strike price of outstanding stock appreciation rights, whether through amendment, cancellation and replacement grant, or any other means, nor permit the exchange of an outstanding option for cash or another award, unless such action is approved by the Company's shareholders. In addition, certain amendments to the Plan require shareholder approval.

Term of the Plan

No grants of LTIAs may be made under the Plan after February 25, 2024.

Resources

Availability of Certain Information and Incorporation of Documents by Reference

Pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company will provide, without charge, upon the written or oral request of any person to whom this Guide is delivered by the Company or one of its affiliated entities to the Corporate Secretary's Office, Ameriprise Financial, Inc., 55 Ameriprise Financial Center, Minneapolis, MN 55474, 612.671.3131, a copy of any of the following documents, all of which are incorporated by reference in this Guide:

(a) The Company's Registration Statement on Form 10, as amended, as filed with the Securities and Exchange Commission (the "Commission") August 19, 2005 (the "Form 10 Registration Statement");
(b) All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Form 10 Registration Statement; and
(c) The description of the Company's common stock contained in the Company's Form 10 Registration Statement, including any amendment or report filed for the purpose of updating such description.

All documents filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Registration Statement on Form S-8 to which this Guide relates and prior to the filing of a post-effective amendment that indicates that all securities offered hereby have been sold or that deregisters all securities then remaining unsold, will be deemed to be incorporated by reference in, and to be a part of, this Guide from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Guide to the extent that a statement contained in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Guide.

Nothing in this Guide will be deemed to incorporate information furnished but not filed with the Commission pursuant to Item 2.02 or Item 7.01 of Form 8-K.

In addition, the Company will provide, without charge, upon the written or oral request of any person to whom this Guide is delivered by the Company or one of its affiliated entities to the Corporate Secretary's Office (contact information noted above), copies of all reports, proxy statements and other communications distributed by the Company to the holders of AMP Shares.

Contact Information

Type of question or information needed	Contact/email/web address	Phone number	Fax number
All stock option exercises (Net, cashless or buy-and-hold)	Ameriprise Financial Brokerage Services **Email**: ESO.Group@ampf.com	612.671.5355 800.555.9826	612.671.6023
Ameriprise Brokerage Account (to access brokerage account information)	Ameriprise Financial Brokerage Services **Website**: ameriprise.com	612.671.5355 800.555.9826	612.671.6023
RSA/RSU, PCU/PSU and NQSO grant information (grants, exercise options, vesting detail, tax information, brokerage account number on file with Stock Administration)	**Website**: ameriprise.solium.com (Can also search for Shareworks site on *Inside* and AdvisorCompass®). **Email:** Ameriprise.LTIA.Administration@ampf.com	612.678.7128	612.671.3948
Detrimental Conduct Provisions for Bands 50 and above	**Email**: Ameriprise.compensation@ampf.com	612.671.3072	612.671.3948
Other information requests (*e.g.*, LTIA policy questions for HR, general LTIA questions)	**Email**: Ameriprise.LTIA.Administration@ampf.com	612.678.7128	612.671.3948
Senior Management Stock Ownership Program (Bands 70 and above)	**Email**: Ameriprise.compensation@ampf.com	612.671.3072	612.671.3948
Pre-clearance, Ameriprise Securities Trading Policy including information about Blackout Periods	Ameriprise Corporate Secretary's Office	612.678.0106 612.671.4471	612.671.4841
Stock Transfer Agent: Shareholder inquiries, Address changes, Dividend check replacement	Broadridge Corporate Issuer Solutions, Inc. **Email:** shareholder@broadridge.com **Website:** shareholder.broadridge.com/amp	866.337.4999 U.S. and Canada 303.974.3777 International	None Available
American Express LTIA information	Outsourced to Morgan Stanley Smith Barney	516.227.5605	Not Applicable

Exhibit 31.1

AMERIPRISE FINANCIAL, INC.

CERTIFICATION

I, James M. Cracchiolo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameriprise Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

By: /s/ James M. Cracchiolo
James M. Cracchiolo
Chief Executive Officer

Exhibit 31.2

AMERIPRISE FINANCIAL, INC.

CERTIFICATION

I, Walter S. Berman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameriprise Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

By: /s/ Walter S. Berman
Walter S. Berman
Chief Financial Officer

Exhibit 32

AMERIPRISE FINANCIAL, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ameriprise Financial, Inc. (the "Company") for the quarterly period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James M. Cracchiolo, as Chief Executive Officer of the Company, and Walter S. Berman as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

By: /s/ James M. Cracchiolo
James M. Cracchiolo
Chief Executive Officer

Date: May 10, 2021

By: /s/ Walter S. Berman
Walter S. Berman
Chief Financial Officer

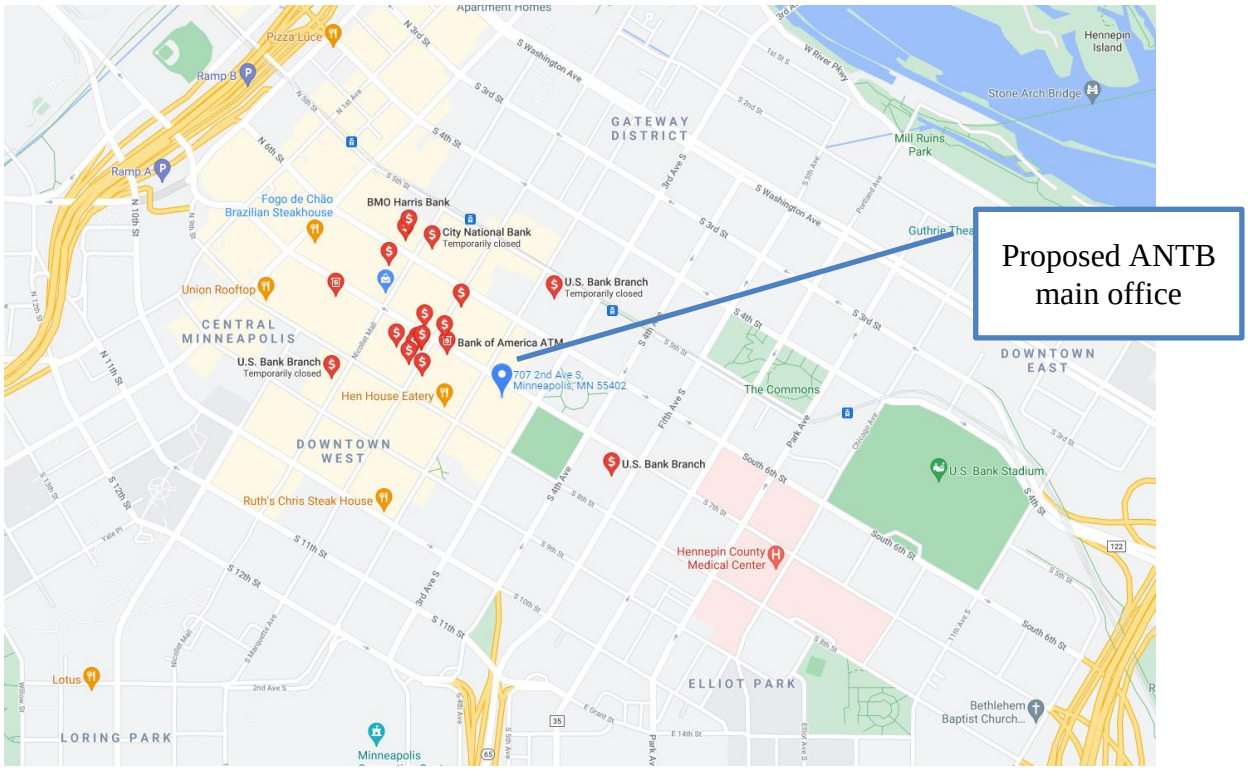
Public Exhibit 3

Map of Locations of Proposed ANTB Main Office and Trust Office

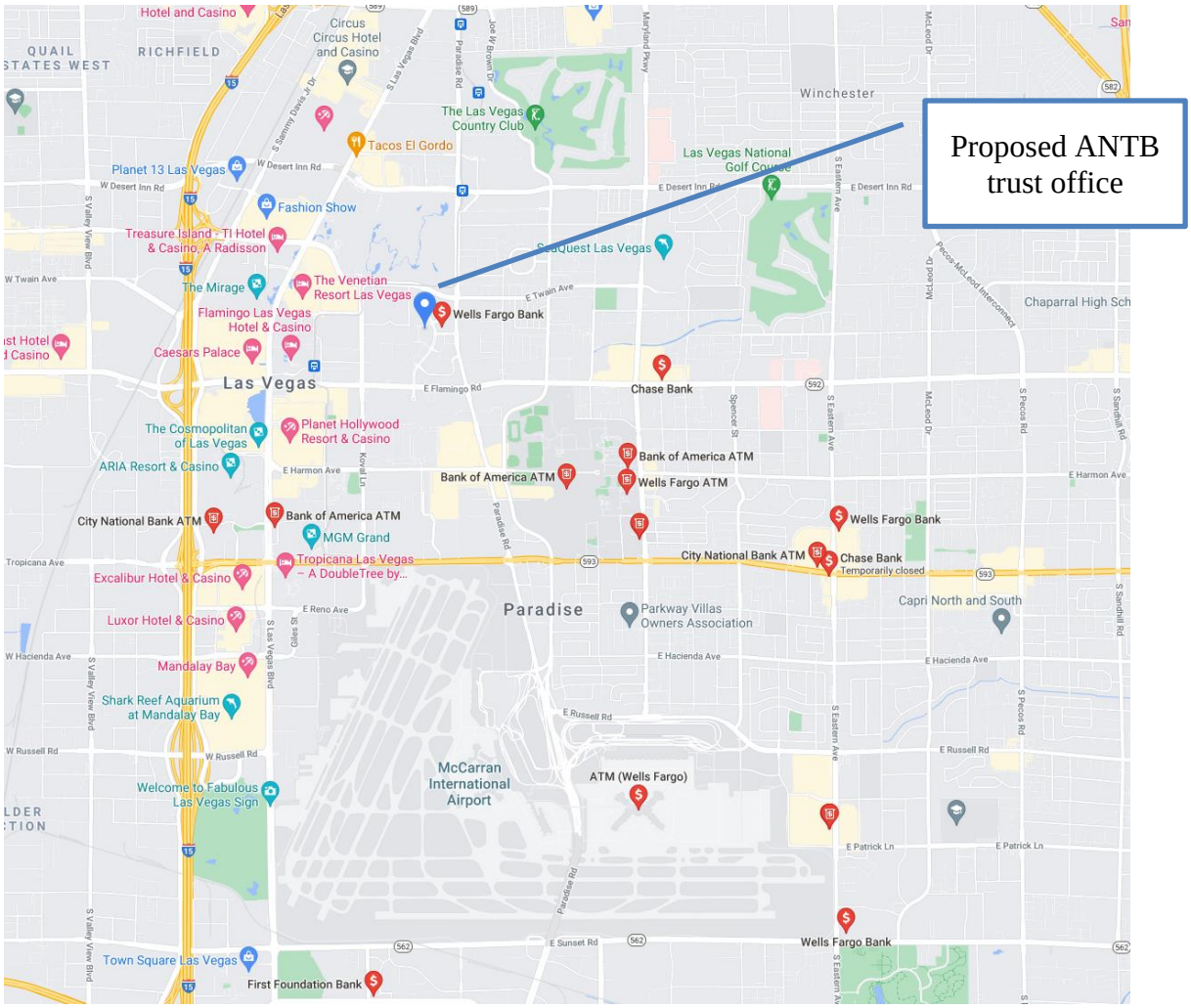
Map of Location of Proposed ANTB

The below maps pinpoint the location of the proposed ANTB's offices and offices of competing depository institutions.

Minneapolis, MN



Las Vegas, NV


Proposed ANTB trust office
Hotel and Casino
Circus Circus Hotel and Casino
QUAIL STATES WEST
RICHFIELD
Winchester
The Las Vegas Country Club
Tacos El Gordo
Las Vegas National Golf Course
Planet 13 Las Vegas
Fashion Show
Treasure Island - TI Hotel & Casino, A Radisson
SeaQuest Las Vegas
The Mirage
The Venetian Resort Las Vegas
Wells Fargo Bank
Flamingo Las Vegas Hotel & Casino
Caesars Palace
Chaparral High Sch
Las Vegas
Chase Bank
The Cosmopolitan of Las Vegas
Planet Hollywood Resort & Casino
ARIA Resort & Casino
Bank of America ATM
Wells Fargo ATM
City National Bank ATM
MGM Grand
Tropicana Las Vegas – A DoubleTree by...
Excalibur Hotel & Casino
Temporarily closed
Paradise
Parkway Villas Owners Association
Capri North and South
Luxor Hotel & Casino
Mandalay Bay
Shark Reef Aquarium at Mandalay Bay
Welcome to Fabulous Las Vegas Sign
McCarran International Airport
ATM (Wells Fargo)
Town Square Las Vegas
First Foundation Bank

Public Exhibit 4

Fiduciary Powers Application

Fiduciary Powers Application

General Information and Instructions

Preparation and Use

This application is used to effect a transaction under 12 USC 92a and 12 CFR 5.26 for national banks and 12 USC 1464(n) and 12 CFR 150 for federal savings associations (collectively, banks).

A "Fiduciary Powers Application" (application) must be completed by all banks seeking authorization to engage in fiduciary activities. The application is required whether the fiduciary activities will be offered directly through the bank, through an operating subsidiary, or through a service corporation.

All questions must be answered with complete and accurate information that is subject to verification. If the answer is "none," "not applicable," or "unknown," so state. Answers of "unknown" should be explained.

The questions in the application are not intended to limit the applicant's presentation nor are the questions intended to duplicate information supplied on another form or in an exhibit. For such information, a cross-reference to the information is acceptable. Any cross-reference must be made to a specific cite or location in the documents, so the information can be found easily. Supporting information for all relevant factors, setting forth the basis for the applicant's conclusions, should accompany the application. The regulatory agency may request additional information.

This application form collects information that the Office of the Comptroller of the Currency (OCC) will need to evaluate a fiduciary powers application. The OCC must consider the applicable statutory requirements set forth above, as well as applicable regulatory requirements, when acting on this application. For additional information regarding these statutory and regulatory requirements, as well as processing procedures and guidelines and any supplemental information that may be required, refer to the OCC's procedural guidelines in the *Comptroller's Licensing Manual*. The applicant may contact the OCC directly for specific instruction or visit the OCC's Web site at www.occ.gov.

Notice of Publication

Generally, public notice under 12 CFR 5.8 does not apply to a fiduciary powers application, unless the OCC determines that the application presents a significant or novel policy, supervisory, or legal issue where a public notice is considered necessary. A public notice also may be required when a fiduciary application is accompanied by a second application that requires a publication notice under 12 CFR 5.8. In this instance, a public notice describing the entire transaction may be necessary to ensure the public has a full understanding of the entire transaction.

If a notice is required, the applicant must publish notice of the proposed fiduciary powers in a newspaper of general circulation in the community or communities in which the applicant proposes to engage in business. The OCC will provide specific requirements for the notice of publication.

Submission

In addition to an original application and the appropriate number of signed copies, submit an electronic copy of the information in the application, especially of the business plan's financial projections, if applicable. For e-mail submissions, contact the OCC for instructions and information about secure transmission of confidential material.

Confidentiality

Any applicant desiring confidential treatment of specific portions of the application must submit a request in writing with the application. The request must discuss the justification for the requested treatment. The applicant's reasons for requesting confidentiality should specifically demonstrate the harm (for example, loss of competitive position, invasion of privacy) that would result from public release of information (5 USC 552 or relevant state law). Information for which confidential treatment is requested should be (1) specifically identified in the public portion of the application (by reference to the confidential section); (2) separately bound; and (3) labeled "Confidential." The applicant should follow the same procedure when requesting confidential treatment for the subsequent filing of supplemental information to the application. Contact the OCC for any further questions regarding requests for confidential treatment.

Fiduciary Powers Application

Applicant

Name Ameriprise National Trust Bank Charter # In organization

Street Address 707 Second Ave. South

City Minneapolis County Hennepin State MN Zip Code 55402

Parent Company Identifying Information *(if applicable):*

Name Ameriprise Financial, Inc.

Street Address 707 Second Ave South

City Minneapolis State MN Zip Code 55402

Contact Person:

Name Jason Solomon Title Vice President & Chief Counsel

Employer Ameriprise National Trust Bank

Street Address One World Trade Center

City New York State NY Zip Code 10007

Phone No. 212-437-8672 Fax No. 212-437-8666 E-mail jason.s.solomon@ampf.com

Name Luigi L. De Ghenghi Title Partner

Employer Davis Polk & Wardwell LLP

Street Address 450 Lexington Ave

City New York State NY Zip Code 10017

Phone No. 212-450-4296 Fax No. 212-450-5296 E-mail luigi.de.ghenghi@davispolk.com

Name Christopher M. Paridon Title Counsel

Employer Davis Polk & Wardwell LLP

Street Address 901 15th Street, N.W.

City Washington, D.C. State Zip Code 20005

Phone No. 202-962-7135 Fax No. 202-962-7082 E-mail chris.paridon@davispolk.com

Section I
Applicant and Contact Information

1. Please state whether the bank is requesting full or limited fiduciary powers and describe in detail the type of fiduciary activities the bank will be performing.

In connection with the application sponsored by Ameriprise Financial, Inc. ("**AFI**" and together with its subsidiaries, "**Ameriprise**") to organize Ameriprise National Trust Bank ("**ANTB**") and to which this request is attached (the "**Charter Application**"), ANTB is requesting prior approval from the Office of the Comptroller of the Currency ("**OCC**") pursuant to 12 C.F.R. § 5.26 to exercise full fiduciary powers. ANTB would exercise these powers by acting as trustee, administrator, registrar of stocks and bonds, transfer agent, guardian, assignee, receiver, or custodian under a uniform gifts to minors act, as well as acting as investment adviser for a fee and similar capacities that the OCC authorizes pursuant to 12 U.S.C. § 92a. ANTB does not currently anticipate acting under power of attorney in fact, nor would it typically serve as executor for estate settlement.

2. Does the bank intend to exercise fiduciary powers under a different name, or will an operating subsidiary be exercising fiduciary activities or, in the case of a federal savings association, a service corporation? If so, please provide details. If an operating subsidiary will be exercising fiduciary powers, both the bank and the operating subsidiary will have to submit separate applications for fiduciary powers.

ANTB intends to exercise fiduciary powers under its own name and that of its parent, AFI, as well as certain affiliates within the Ameriprise organization. ANTB would not exercise fiduciary powers through an operating subsidiary.

3. Please list addresses where the bank will operate offices that provide core fiduciary functions, such as entering into binding commitments, making discretionary decisions, and giving advice (per 12 CFR 9.2(e) and 150.30):

Main Office

Street Address: 707 Second Ave. South

City: Minneapolis | County: Hennepin | State: MN | Zip Code: 55402

Trust Office

Street Address: 3883 Howard Hughes Parkway, Suite 300

City: Las Vegas | County: Clark | State: NV | Zip Code: 89169

Section II
General Information

1. Provide a copy of the board of directors' resolution approving the exercise of fiduciary powers and the name of the entity(ies) that will be exercising them.

ANTB is currently in the process of being organized and will provide a copy of the board of directors' resolution approving it to exercise fiduciary powers once it has begun its organization phase and the ANTB board of directors begins to approve resolutions.

2. Submit a certification stating that the capital the bank intends to maintain, at a minimum, is equivalent to the state law requirements for state-chartered banks, trust companies, and corporations exercising fiduciary powers in the states where the bank intends to conduct core fiduciary activities.

ANTB hereby certifies that the capital it intends to maintain, at a minimum, is equivalent to and in fact exceeds the requirements under Minnesota law for Minnesota-chartered banks, trust companies, and corporations exercising fiduciary powers in Minnesota and under Nevada law for Nevada-chartered banks, trust companies, and corporations exercising fiduciary powers. ANTB intends to conduct core fiduciary activities only in Minnesota and Nevada.

3. If the state requires corporations acting in a fiduciary capacity to deposit securities with state authorities for the protection of private or court trusts, indicate how the bank will meet this requirement.

Under Minnesota law, corporations acting in a fiduciary capacity are required to deposit securities with the Minnesota Department of Commerce where the amount and type of securities to be deposited vary depending on the specific size and activities of the trust company. For a national trust bank authorized to engage in fiduciary activities under 12 U.S.C. § 92a, so long as its capital is equal to or exceeds $500,000, it must only deposit securities amounting to the lesser of (a) $1,000,000 or (b) 10% of its assets in offices located in Minnesota. In satisfaction of this requirement, ANTB will ensure that it maintains at least $1,000,000 in pledged securities with the Minnesota Department of Commerce, similar to the current pledge in place for Ameriprise Bank, FSB. There is no requirement under Nevada law for corporations acting in a fiduciary capacity to deposit securities with Nevada authorities for the protection of private or court trusts.

4. Discuss in detail the intended use of affiliates or other related entities to support the proposed fiduciary activities.

ANTB is expected to be party to a master services agreement with Ameriprise Financial Services, LLC ("**AFS**"), pursuant to which AFS, through its advisors, markets ANTB products and services to Ameriprise clients, as well as other intercompany service agreements whereby AFI or other entities within the Ameriprise organization provide and/or receive services and/or share costs related to such services. For instance, AFI directly or indirectly will provide a number of corporate services (i.e., accounting, finance, corporate communications, tax, corporate marketing, human resources, internal audit, legal and other services as needed) for ANTB. Client funds in trust accounts at ANTB will be held in a cash management or securities brokerage account at AFS or invested in a certificate issued by the Ameriprise Certificate Company. Additionally, another Ameriprise affiliate, American Enterprise Investment Services, Inc., will perform custody and transaction services and vendor management services for ANTB.
Columbia Management Investment Advisers, LLC will also provide certain investment management services for ANTB related to ANTB's balance sheet.

Consistent with the requirements of Sections 23A and 23B of the Federal Reserve Act and Regulation W, as well as ANTB's Transactions with Affiliates Policy, any business relationships involving ANTB and its affiliates would be entered into in the ordinary course of business, on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliates/non-insiders, and would not present more than the normal risk of such transactions or other unfavorable features.

5. Submit an organizational chart.

An organizational chart showing ANTB, as well as its relationship with AFI and certain key subsidiaries of AFI, may be found in Section II.B of the General Statement accompanying the Charter Application.

6. Provide résumés and discuss specific qualifications of anticipated senior management, e.g., senior vice president, executive vice president, to support the proposed fiduciary activities.

The senior management team of ANTB, which is expected to be substantially similar to the senior management team of Ameriprise Bank, FSB, and is known to the OCC and to banking, currently operates the personal trust services ("**PTS**") fiduciary business of Ameriprise Bank, FSB. The specific qualifications of the anticipated senior management team of ANTB have been provided in response to Questions 2(e) and (f) of the Charter Application and are available in Public Exhibit 5 to that application.

7. Discuss any proposed use of dual board members, officers, or staff (i.e., individuals employed by both the entity offering the trust services and any related entity) and the proposed reporting structure. Address the potential for conflicts of interest arising from their dual roles and how these potential conflicts will be managed. Explain how costs such as overhead and salaries will be allocated for dual employees.

Nancy Anderson (Vice President – Head of Personal Trust Wealth Strategies), Haris Khan (Director – Trust Operations), Nate Zeller (Director – Trust Operations), Devin Waterman (Senior Manager – Trust Platform Development), and Open (Director – Trust Administration) will all be employed by ANTB and will not have any other employment relationship within the Ameriprise organization. Certain personal trust services professionals would also be employed by ANTB. Other than the five individuals noted above, none of the senior executive officers or key management staff of ANTB will enter employment contracts with ANTB, and instead these individuals will have employment contracts with AFI itself and perform duties both for ANTB and for other Ameriprise entities.

As described in Confidential Exhibit 6 attached to the Charter Application, certain directors and senior executive officers of ANTB would also hold positions or offices with AFI or other Ameriprise entities. The ANTB board of directors and management will perform adequate monitoring with respect to hiring, training, activities, reporting and expertise of any dual employees, and any potential conflicts of interest will be mitigated by an annual acknowledgement of the ANTB Code of Conduct (which will be adapted from the AFI Code of Conduct). Any individual serving as a director, senior executive officer, or employee of ANTB and another Ameriprise entity, including Ameriprise Bank, FSB and Ameriprise Bank (upon the conversion of Ameriprise Bank, FSB), will be bound by this code. Additionally, all master services personnel sharing agreements for Ameriprise will require all work performed on behalf of ANTB to be done in the best interest of ANTB. If any known or perceived conflict is identified, the conflict would be addressed and alternative solutions regarding responsibilities or roles would be identified and executed.

Costs, such as overhead and salaries for dual employees, would be determined by a financial algorithm that is updated annually and that determines the expense basis and included employee costs. Once the overall employee cost is calculated, that cost would be multiplied by the role/level and the percentage of time allocated to ANTB or any other Ameriprise entity to determine the portion of the employee's salary that ANTB or any other entity is responsible for. Costs would be subject to a new inter-company

agreement involving ANTB for all personnel sharing arrangements across entities under Ameriprise's transactions with affiliates program and in compliance with Regulation W. These policies and procedures are in place today for the PTS business operated by Ameriprise Bank, FSB and will be updated accordingly for ANTB.

8. Describe the proposed audit program for overseeing fiduciary activities. Identify the internal or external auditors to be used and their specific fiduciary auditing qualifications.

ANTB will adopt and implement a continuous fiduciary audit program in lieu of an annual fiduciary audit and will comply with requirements applicable to the fiduciary activities of national banks in accordance with 12 C.F.R. § 9.9(b). The fiduciary audits will be conducted by qualified internal auditors and consider the size and complexity of fiduciary services provided, the nature and effectiveness of internal accounting controls, past performance or results of past audits, and reports of supervisory agencies. The fiduciary audits would be performed by the General Auditor for ANTB, Ryan Burns, whose qualifications and experience may be found in Public Exhibit 5 of the Charter Application. External audits, if applicable, would be expected to be conducted by PricewaterhouseCoopers, a nationally recognized accounting and audit firm with extensive experience auditing banks and trust companies.

ANTB's Audit and Risk Committee, which will function as the fiduciary audit committee of ANTB for purposes of Part 9 of the OCC's regulations, will review and approve the scope of the proposed fiduciary audit program and will review the audit report, which will provide the audit results with a detailed explanation of significant findings. The results of discrete audits performed since the last audit report, including significant actions taken as a result of such audits, shall be provided to ANTB's board of directors at least once per year.

9. Describe the proposed investment decision-making process relating to discretionary fiduciary account relationships, if applicable. State whether the bank, or any related entity, is a registered investment advisor under the Investment Advisers Act of 1940 (15 USC 80b-1, et seq).

For clients with discretionary fiduciary accounts, the decision-making process would depend on which investment model a client chooses. For a detailed description of the three investment models currently in use by the PTS business and which would be utilized by ANTB, please refer to Section II.A of the General Statement accompanying the Charter Application.

Generally speaking, for discretionary fiduciary accounts, financial advisors at AFS (a broker/dealer affiliate of ANTB), under the oversight of ANTB investment officers, will direct the purchase or sale of a broad array of mutual funds and other publicly traded securities on the client's behalf. The purchase and sale of securities will be determined based on the individual established trust investment policy which lays out the investment objectives, time horizon, financial situation and risk tolerance. This will be managed by and subject to oversight by ANTB's investment officers utilizing a trade review process with appropriate governance controls.

ANTB is not itself a registered investment advisor, but AFS and Columbia Management Investment Advisers, LLC are registered investment advisers. AFS may engage in providing recommendations but not in decision-making for the fiduciary accounts.

10. Will proposed fiduciary activities be incorporated into the bank's online banking platform? Please describe anticipated customer access capabilities.

Yes. While customers must open an account in person at one of ANTB's customer-facing offices, ANTB will utilize the Ameriprise website and mobile applications as a means to market its products and services. The Ameriprise website is located at an Internet address with a widely recognized name that consumers

can locate easily.

11. Identify the data processing system to be used to support the proposed fiduciary activities. Describe the types of records it will generate and how they will be maintained to ensure compliance with applicable laws and regulations. Describe management qualifications for systems oversight and discuss training program for systems staff. Also address compliance with record keeping and confirmation requirements for securities transactions, if applicable.

Ameriprise has an existing robust technology infrastructure that fully supports the trust business in Ameriprise Bank, FSB and will continue to be leveraged for the needs and operations of ANTB. The infrastructure is comprised of Ameriprise enterprise solutions, bank specific technologies, and third-party providers. It has been examined regularly by the OCC as part of their supervision of Ameriprise Bank, FSB as well as the prior trust bank.

The trust product platform is an industry-standard offering, FIS Charlotte Front Office. This platform provides extensive trust-specific functionality and integrates with Ameriprise's brokerage platform from Refinitiv, as well as Ameriprise Advisor and home office tools for workflow, status updates, reporting, and service. Trust staff receives role-specific training in the use of these systems, and there is a comprehensive set of written procedures regarding their use.

The systems generate the records needed for compliant recordkeeping, such as account records, trade advice, trade notifications and confirmations, written notifications, reconciliation reports, and client statements, which are stored electronically in the systems themselves or dedicated data repositories, following regulatory and legal requirements, and the Ameriprise enterprise Records Management program.

This infrastructure is governed and supported through well-established enterprise processes, with Vendor Management (for vended products), Ameriprise technology staff, and trust business personnel all having important roles. Processes include technology and business risk management, change management, incident/problem management, data governance and information security standards. From a resource perspective, ANTB will be supported by an assigned technology team, lead by the Vice President – Technology for the ANTB, which is supplemented by shared enterprise resources within the broader Ameriprise organization. Additional information regarding the technology infrastructure applicable to ANTB and its fiduciary activities is provided in the responses to question 6(a) – 6(f) of the Charter Application.

12. List all anticipated fiduciary service providers, including related entities, and discuss their qualifications and experience related to the services that will be provided by the bank.

There is no delegation of investment advice to fiduciary service providers. Although AFS provides recommendations, all investment decisions for fiduciary accounts will be made by ANTB investment officers.

13. Describe the anticipated role of any employees, agents, or independent contractors of the parent, affiliate, subsidiary, service corporation, or independent third party in the marketing, advertising, or soliciting of customers for your proposed fiduciary activities. Also describe any anticipated payments of direct or indirect referral fees, how the fees will be determined, who will be eligible, and the anticipated impact on fiduciary income. Provide information on training to ensure compliance with applicable law and the bank's fiduciary policies and procedures.

ANTB's marketing strategy will focus primarily on organic growth by serving new and existing clients through the Ameriprise Advisor network. Under a master services agreement between ANTB and AFS, Ameriprise Advisors are provided compensation by ANTB for business that they generate through appropriate referrals. ANTB will rely on Ameriprise Advisors for new clients. Amounts paid for referral fees are expected to be *de minimis* and consistent with fees for such services paid to AFS for referrals by the PTS business (i.e., under $10,000 per year). The Account Review Sub-Committee, a sub-committee of the ANTB Trust Management Committee, will have oversight over annual and new account reviews. The compensation arrangements will be designed to ensure appropriate and fair compensation. As described in Section III.A.2. of the ANTB Business Plan, Ameriprise also provides training for Ameriprise Advisors through formats such as an online training portal and ANTB-hosted branch office training, regional workshops, and product-specific webinars. Ameriprise employees will also engage in telemarketing to inform prospective customers of ANTB's products and services. All telemarketing activities of ANTB will comply with all applicable telemarketing laws and regulations.

14. Provide information concerning any litigation related to fiduciary activities, pending against the bank, its parent, affiliates, or subsidiaries, including the names of plaintiffs, docket numbers, and the nature and amount of claims, if applicable.

ANTB is not currently in existence and therefore does not have any activities or litigation. Because ANTB would merely continue to operate the existing PTS business of Ameriprise Bank, FSB, a list of any litigation related to the fiduciary activities, pending against Ameriprise Bank, FSB, its parent, affiliates, or subsidiaries, including the names of plaintiffs, docket numbers, and the nature and amount of claims, if applicable, is included as Confidential Exhibit 14.a attached to the Charter Application.

15. Provide details of any government investigations (e.g., SEC, FINRA, state attorneys general, state insurance commissions) on the bank, its parent, affiliates, or subsidiaries performed during the past five years.

ANTB is not currently in existence and therefore did not have any government investigations performed during the past five years. However, because ANTB would merely continue to operate the existing PTS business of Ameriprise Bank, FSB, and would be a subsidiary of AFI, a description of any government investigations related to the PTS business and future affiliates of ANTB performed during the past five years may be found at Confidential Exhibit 14.b attached to the Charter Application. Ameriprise Bank, FSB and its affiliates are in the ordinary course of business subject to regulatory examinations, inquiries and investigations that request the production of documents and other information. Any such review that resulted in a settlement or penalty exceeding $50,000 during the past five years is described in that confidential exhibit. To the best of its knowledge, neither Ameriprise Bank, FSB nor any affiliate is currently subject to any pending regulatory investigation or matter that either (a) relates to the fiduciary activities of the PTS business that would be conducted by ANTB itself, or (b) is likely to have a material adverse effect on its financial condition or ability to meet contractual commitments to clients.

Section III
Fiduciary Business Plan

Submit a copy of the business plan for the proposed fiduciary activities. The plan should, at a minimum, address the following issues:

1. Discuss the reasons for seeking fiduciary powers.

2. Discuss the fiduciary services to be offered.

3. Discuss the bank's marketing strategies for its services and customer retention. Include any plans to acquire business through the purchase or transfer of existing fiduciary account relationships.

4. Provide pro forma financial statements reflecting the addition of fiduciary activities to the bank's operations over the next three fiscal years. Discuss the bank's ability to support fiduciary activities, including potential operating losses, and their impact on the bank's overall financial condition.

5. Discuss the anticipated budget process as it relates to fiduciary activities.

6. Discuss the bank's assessment of the risks to the bank associated with the proposed fiduciary services. Include the bank's plans for identifying, measuring, monitoring, and controlling those risks on an ongoing basis.

7. Discuss economic conditions and competitive conditions relating to fiduciary services that the bank intends to provide in the market area to be served.

A copy of the Business Plan of ANTB, including a description of how ANTB proposes to engage in fiduciary activities and addressing the issues noted above, may be found in Confidential Exhibit 5 attached to the Charter Application.

OCC CERTIFICATION

I certify that the bank's board of directors, shareholders, or a designated official has authorized the filing of this application. I certify that the information contained in this application has been examined carefully and is true, correct, complete and current as of the date of this submission. Additionally, I agree to notify the OCC if the facts described in the filing materially change prior to receiving a decision or at any time prior to consummation of the action contemplated herein.

I acknowledge that any misrepresentation or omission of a material fact with respect to this application, any attachments to it, and any other documents or information provided in connection with this application may be grounds for denial of the application or revocation of its approval, and may subject the undersigned to legal sanctions, including the criminal sanctions provided for in Title 18 of the United States Code.

I acknowledge that the approval of this application is at the discretion of the OCC. The activities and communications by OCC employees in connection with the filing, including approval of the application if granted, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

President or other authorized officer

Arif Abu

Typed Name

President and Chief Executive Officer

Title

Ameriprise Trust National Bank (in organization)

Employer

Public Exhibit 5

Director and Senior Executive Officer Qualifications and Experience

Director and Senior Executive Officer Qualifications and Experience

A. Director's Qualifications and Experience

Joe Sweeney, President – Advice & Wealth Management, Products and Service Delivery Chairman of Ameriprise National Trust Bank

Joseph (Joe) Sweeney's overall responsibility includes the firm's brokerage, managed products, retail retirement products, cash & certificates, personal trust, information management, service delivery, and Ameriprise India operations. In 2005, he led the operations effort for the transition of Ameriprise to an independent, publicly traded company. Joe joined American Express, former parent company of Ameriprise Financial, in 1983 and has served in a number of senior leadership positions across the firm, including Advice and Wealth Management – Products and Services, Financial Planning – Product and Services, Business Transformation, Business Processes – Global Network Services, Quality and Reengineering – Travel Related Services and Banking, Brokerage and Managed Products. He currently chairs the following Ameriprise boards and committees: American Enterprise Investment Services, Ameriprise Federal Savings Bank, the Advice & Wealth Management Risk committee as well as the company's broker-dealer subsidiary, Ameriprise Financial Services, LLC.

He is also a member of the Securities Industry and Financial Markets Association (SIFMA) executive committee which he formerly served as the board chairman. Currently he is a member of the SIFMA Private Client & Wealth Management, Operations & Technology, and Audit and Finance subcommittees. Joe earned a Bachelor of Arts degree, magna cum laude, in economics from Saint Anselm College in Manchester, N.H., where he was a former member of the board of trustees and Finance, Investment & Student Affairs committees.

Abu Arif – Director and President and CEO of Ameriprise National Trust Bank

Abu Arif is President of Ameriprise Bank FSB and Ameriprise Certificate Company. He is also Senior Vice President and general manager Cash solutions in the Advice Wealth Management (AWM) segment of Ameriprise Financial. He joined American Express in 1989 and moved to Ameriprise Financial in 2005 (at spin-off).

Arif is responsible for overseeing all aspects of Ameriprise Bank FSB and Ameriprise Certificate Company, including strategic planning, product development and management, governance, risk management, operations, sales/marketing and full P&L management. In his general manager capacity, he oversees the management of brokerage cash and margin lending products, including product development, product management, risk management and P&L responsibilities.

Prior to this role, Arif was senior vice president business development & general manager – banking and cash solutions in the AWM segment of Ameriprise Financial. Arif was responsible for driving non-organic growth of the AWM segment through M&A and strategic partnerships. In his general manager capacity he oversees the management of banking, personal trust services, Ameriprise Certificates and brokerage cash products, including product development, P&L and legal entity governance responsibilities.

Arif has worked in the financial services industry for over 30 years. He started his career with American Express in the International division spending over ten years in Asia including Pakistan, Singapore, Indonesia and Hong Kong. During those assignments, Arif was responsible for managing a variety of operations, finance and business development functions at a regional

and national level. After that he worked in Strategic Planning and Business Development for the Global Financial Services division of American Express till 2005.

Arif earned a Bachelor of Business Administration degree and a Master of Business Administration degree from the University of Karachi, Institute of Business Administration.

Keith Barber – Director (External)

Keith Barber, a director since 2005, is a senior financial executive with extensive domestic and international experience (including emerging markets) at Citibank and American Express, among other companies. Keith has also been a director and consultant at CFO Consulting Partners since 2009, providing consultation services to CEOs and CFOs of community banks and other companies on financial process and reporting projects, and various client development activities. Prior to his work as a director, Keith was a consultant with KMPG Consulting before becoming the controller at Juniper Bank, a new credit card bank (now Barclaycard US) where from 2000-2004 he developed the controllers function, handled investor financial due diligence, supported successful fund raising, integrated a purchased portfolio into the bank's processing and accounting structure, set up comprehensive cash management process, and acted as a focal point for FDIC and Federal Reserve examinations.

Keith began his investment and banking career as a financial analyst at Eli Lilly in London before moving to Citibank where he worked for 20 years holding various roles of increasing responsibility, including treasury administration officer, vice president and sector controller. At American Express Bank from 1993 to 1999, Keith held the role of Controller from 1993-1995 before becoming the Chief Financial Officer from 1995-1999. As CFO, Keith was responsible for strategic/ business planning and reporting/ analysis, as well as the oversight of Trading Risk Management and Treasury at this international banking subsidiary of American Express Co., with assets of $12 billion, and operating in over 30 countries and led a 240-person worldwide finance function. Keith holds a master in business administration degree in finance from the London Business School and a bachelor's of science degree in economics from the London School of Economics.

Brian McGrane – Director

Brian McGrane is Executive Vice President and CFO Business Units for Ameriprise Financial, Inc. and has responsibility for the financial aspects of the Company's three operating segments. In addition, he leads Group M&A and Corporate Actuarial. McGrane is a member of the Global Heads Group, which runs Ameriprise's Global Asset Management business, Columbia Threadneedle Investments. He serves as Board Member for the Company's Life Insurance and Annuity subsidiary, RiverSource Life, and until recently was on the Boards of the Company's U.S. Investment Management and Trust Company subsidiaries. Brian is a voting member of Ameriprise's Financial Risk Management Committee and a permanent advisor to the firm's Executive Risk Management Committee.

Prior to joining Ameriprise in June 1999, Brian was an audit manager at KPMG focused on serving a diverse set of investment management, lending, brokerage, and insurance clients. McGrane graduated Cum Laude from St. John's University (Collegeville, Minnesota) with a BA in accounting. He holds a CPA license (inactive) and Series 7 and 24 securities licenses. He currently serves on the Boards of St. John's University and FamilyFest Ministries and previously served on the Boards of Catholic Charities of St. Paul and Minneapolis, Academy of Holy

Angels, and the Greater Twin Cities United Way Community Impact Committee. Brian and his wife Katy have four children and live in Bloomington, Minnesota.

Paige Winebarger – Director (External)

Paige Winebarger, a director since 2010, had a 33-year career in law and banking, having worked at Marquette Bancshares for 18 years and eventually retiring as its Senior VP and General Counsel. Before joining Marquette and its affiliated banks, Paige served as Deputy Commissioner of Banks for the State of Minnesota and spent over 12 years in the legal department and as a commissioned bank examiner of the Federal Reserve System's Board of Governors in Washington, DC.

In retirement, Paige has served in numerous board leadership roles in the conservation community, including ten years as a trustee and board chair of the Minnesota Chapter of The Nature Conservancy, In 2015, she was appointed by Governor Dayton to a position on the Minnesota Board of Water and Soil Resources. In addition, under the previous governor, she received appointments to the Environmental Quality Board (2003 – 2007), Minnesota Forest Resources Council (2004-2008) and Minnesota Pollution Control Agency Citizen Board (2007 – 2009). She has also been engaged as a consultant by several small businesses.

B. Involvement of Directors in Day-to-day Management

Abu M. Arif, who will be the President and CEO of ANTB, will be involved in the day-to-day management of ANTB, as described in the response to Question 2.e. No other proposed director of ANTB will be involved in the day-to-day management of ANTB.

C. Description of Senior Executive Duties and Responsibilities

President and Chief Executive Officer – ANTB (Incumbent: Abu Arif)
The President and Chief Executive Officer (CEO) of the ANTB will have primary responsibility for managing all aspects of ANTB's operations. He will have end-to-end responsibility for developing ANTB's strategy, including marketing, implementation and oversight of the services offered through ANTB, including developing strategic plans and business development strategies for ANTB, leading and driving all key financial results for ANTB and developing strategic plans and business development strategies for ANTB, including, uncovering new opportunities and analyzing emerging products and services to build a compelling and competitive business opportunity. This role will also be responsible for defining and driving a dynamic distribution strategy within the advisor channel, driving and influencing cross-organization coordination across Ameriprise and for supporting overall marketing and communications efforts for ANTB, including marketing collateral development, review and sign-off. This role is responsible for the day-to-day management of ANTB business, including product design and pricing, development, implementation (marketing and distribution), and on-going management of ANTB offerings and operations such as managing assets according to trust terms, managing both mutual fund and separately managed accounts, etc. Role will manage legal and compliance environment for ANTB product lines, including maintaining proper compliance and managing relationships and requests with board members, federal and state regulations, and associated regulators. This includes fiduciary responsibility for trust investments held with ANTB and investment oversight for advisors utilizing this service on behalf of AFS LLC. The President and CEO will report to the President of the Advice & Wealth Management – Products & Service Delivery and holds an internal Director role on the ANTB Board of Directors.

Vice President – Head of Personal Trust Wealth Strategies – ANTB (Incumbent: Nancy Anderson)

This role will be responsible for helping to drive the vision, strategy, and direction of the ANTB organization, and will be the potential successor to the President and CEO role. This position will lead the trust business line (new business, administration, and investments), including P&L responsibility, development of the value proposition and pricing, and compliance with fiduciary and regulatory requirements. This role heavily partners with internal service providers on the Service & Operations team on operational and service standards. This role will manage, supervise, and direct all fiduciary activities and will monitor compliance with applicable laws, modifying policies and procedures accordingly. The position will ensure a compliant, risk management-based culture with strong controls and self-monitoring. The Vice President – Head of Personal Trust Wealth Strategies – ANTB will oversee training staff on laws, best practices and procedures concerning fiduciary obligations. The Vice President – Head of Personal Trust Wealth Strategies – ANTB will report to the President and CEO of ANTB.

Chief Financial Officer – ANTB (Incumbent: Jason Bartylla)

This officer position will play a critical role at ANTB, including key presentations and interfaces with the ANTB Board of Directors and regulators. The Chief Financial Officer (CFO) will provide financial leadership to reengineering and business initiative programs including the analysis and effectiveness of core and investment spending projects. The CFO will provide leadership to key governance processes, e.g., internal controls and the attestation imposed under Sarbanes-Oxley section 404. The CFO also delivers financial and business diagnostic decision support to the ANTB and provides leadership to the annual planning process and ongoing monthly analysis and projections of key financial and non-financial metrics to assist the ANTB in achieving key financial and metrics targets. The CFO of ANTB will report functionally to the Senior Vice President – Lead Financial Officer of Ameriprise's Advice and Wealth Management Segment and will have a matrixed reporting relationship to the President and CEO of ANTB through an intercompany agreement.

Chief Risk Officer – ANTB (Incumbent: Paul Tava)

This officer will create, direct, and execute ANTB's risk framework and strategy across operational, strategic, and other critical risk types. This officer will be a key connection to internal partners including Ameriprise Corporate Governance groups, such as Risk, Compliance, and Audit. The officer will manage quality assurance, self-monitoring, and control programs and will play a key role in creating and overseeing development projects to ensure safety and soundness. This officer will also be responsible for developing and implementing an analytics strategy for risk management. The Chief Risk Officer of ANTB will report functionally to the AWM Chief Risk Officer of Ameriprise and will have a matrixed reporting relationship to the President and CEO of ANTB through an intercompany agreement. This Officer also will be overseen by the ANTB Audit and Risk Committee of ANTB's board of directors.

Chief Compliance Officer – ANTB (Incumbent: Jim Thvedt)

The Chief Compliance Officer (CCO) role will be responsible for the administration, oversight, and direction of ANTB's compliance program, which will be designed to ensure compliance with a broad range of laws, rules, and regulations pertaining to banking compliance, including BSA/AML. The CCO will report to the Audit Committee of ATB's board of directors and management-level Risk Committee on compliance plans and efforts, regulatory changes, and their anticipated impact, and provide recommendation(s) that strengthen the overall compliance program. The CCO will administer a risk-based compliance program that is designed and operating according to the requirements of Ameriprise's Enterprise Compliance Program, including compliance policy and procedures, risk assessments, testing and training. In addition,

the CCO will provide oversight to ANTB's BSA/AML program to ensure consistency with federal and state law, notably the USA PATRIOT Act, the BSA, and Privacy Act. The role will provide management oversight and support to the AML officer and enterprise AML team, who is responsible all Know Your Customer and BSA/AML transaction monitoring, operations related to transactions for anti-money laundering and fraud alerts and others on AML initiatives and performance issues. The CCO will act as a point of escalation for all areas described and will be responsible for leading efforts to proactively assess, analyze, and identify compliance-related risks. In addition, the position will provide guidance to the ANTB board of directors, senior management, and business areas regarding compliance risks, obligations, and regulations. The CCO will report functionally to the Vice President – AWM Compliance Officer with a matrixed reporting relationship to the President and CEO of ANTB through an intercompany agreement.

BSA/AML Officer – ANTB (Incumbent: Thor Nelson)

This officer will be responsible for the administration, oversight, and direction of ANTB's BSA/AML program, which will be designed to ensure compliance with a broad range of laws, rules, and regulations pertaining to BSA/AML. The Officer will oversee processes related to account opening, account monitoring, and currency reporting procedures consistent with federal and state law and OCC regulatory requirements, notably the USA PATRIOT Act and BSA. The role will provide comprehensive analysis and management support for all Know Your Customer and BSA/AML transaction monitoring, manage the daily operations of all transactions for anti-money laundering and fraud alerts through partnership with the enterprise AML team, and will partner with vendors and others on AML initiatives and performance issues. The Officer will act as a point of escalation for all areas described, as they relate to matters concerning suspicious activity, and will be responsible for leading efforts to proactively assess, analyze, and identify AML related risks. Furthermore, the position will provide guidance to the board of directors, senior management, and business areas regarding anti-money laundering risks, obligations, and regulations, and will serve as an AML content expert. The BSA/AML Officer will report Key Risk Indicators quarterly to the board of directors of ANTB, and provide an annual report on BSA/AML plans and efforts, regulatory changes and provide recommendations that strengthen the overall BSA/AML program. The BSA/AML Officer will report functionally to the Senior Vice President – Compliance Officer with a matrixed reporting relationship to the ANTB CCO.

Vice President – Human Resources – ANTB (Incumbent: Amy Roelofs)

This officer will provide strategic development, implementation and oversight of key HR strategies and initiatives. This officer delivers integrated solutions that are aligned with ANTB objectives and consults with executive leadership to drive best-in-class HR practices and delivery of effective solutions focused on talent development and retention, employee engagement and leadership effectiveness. This role will report functionally to the Vice President – Human Resources of Ameriprise's Advice and Wealth Management Segment and will have a matrixed reporting relationship to the President and CEO of the ANTB through an intercompany agreement.

Vice President and Chief Counsel – ANTB (Incumbent: Jason Solomon)

This position will serve as the Chief Counsel, officer and strategic partner to the ANTB management team in support of business objectives. This role oversees all ANTB legal matters and leads strategic legal initiatives, such as structuring and negotiating business transactions and contracts. In partnership with other counsel and compliance officers across Ameriprise, this role will have a strong focus on banking products and services, distribution, sales practices, compliance, risk and mitigation and regulation. Responsibilities include: providing counsel and guidance on legal and regulatory matters and their implications to the board of directors and ANTB, including providing independent review, counsel and advice on activities with the Parent

or affiliates; serving as ANTB's legal representative and advisor on major business transactions, including assessing and advising on current and future business initiatives; and providing assessment and strategic advice regarding litigation or arbitration matters threatened or commenced against or on behalf of ANTB. This includes the oversight of the selection, retention, management, and evaluation of all outside counsel, and working with management to define strategy and provide recommendations to the Board or management for approval regarding settlements of disputes. Additionally, this role is responsible for providing legal advice and guidance regarding applicable banking laws, rules and regulations and participation in the development and review of Bank policies, procedures, and programs. As a key member of the leadership team, this role will establish and maintain effective communication with management and staff across multiple functional areas of the organization, participate in and make presentations and address questions at various management and board of directors level committee meetings, and will designate a delegate to act as a corporate secretary for the Board. The Vice President and Chief Counsel will report functionally to the Senior Vice President – Assistant General Counsel of Ameriprise and will have a matrixed reporting relationship to the President and CEO of the ANTB through an intercompany agreement.

Vice President – Technology – ANTB (Incumbent: Ryan Macomb)

This officer position will lead the overall development and execution of technology products and services that support ANTB's activities. Additionally, this officer will help shape and execute the technology component of the client and advisor experience. This officer will provide strategic direction for Technology functions and ANTB business partners, adapting strategies as circumstances change as required. This officer will partner very closely with ANTB product and service development to ensure that the vision comes to life via technology applications and solutions, and will ensure effective controls are in place to proactively manage risk and remain in compliance with company policies and procedure. The Vice President – ANTB Technology will report functionally to the Executive Vice President and Chief Information Officer of Ameriprise and will have a matrixed reporting relationship to the President and CEO of the ANTB through an intercompany agreement.

Director – Trust Administration (Incumbent: OPEN)

This position will be responsible for driving effective trust administration across ANTB, partnering with Investments, New Business and Trust Operations. This officer works closely with the ANTB leadership team to collaborate with senior leaders' cross-organizationally in encouraging knowledge of and integration of the ANTB services into all company initiatives. This officer supports complex trust and fiduciary administration and develops a staff of trust officers. This officer partners with the ANTB leadership team to identify process improvement opportunities and work with team and across the company in leading the implementation. The Director – Trust Administration reports to the Vice President – Head of Personal Trust Wealth Strategies – ANTB.

Director – Trust Investments ANTB (Incumbent: Nate Zeller)

This position will be responsible for oversight and fiduciary responsibility for the investment management process of ANTB, including process ownership and enhancements. This officer will establish standards for and leads a team of trust investment officers who are working directly with advisors and their clients to develop complex investment strategies for new trusts and ensure that the execution of complex activities is fulfilled by Advisors. This officer will oversee the trust investment team and ensure compliance with all federal and state regulations. This officer manages trust assets and is responsible for establishing and maintaining client relationships, quality customer service, positive audit results, and client retention. The Director – Trust Investments reports to the Vice President – Head of Personal Trust Wealth Strategies – ANTB.

Senior Manager – Trust Platform Development ANTB (Incumbent: Devin Waterman)
This position will be responsible for oversight and fiduciary support of the ANTB business platform, including process enhancement, design, and implementation. This officer will work directly with ANTB staff and leadership to identify, plan for, and assist in the implementation of system enhancements and changes. This officer provides subject matter expertise in building critical business oversight, regulatory reporting, and support of internal and external audits. The Senior Manager – Trust Platform Development reports to the President and CEO – ANTB.

Director – ANTB Trust Operations (Incumbent: Haris Kahn)
This position will be responsible for developing, managing, and overseeing the efficient, error-free, and cost-effective operations of ANTB. Responsibilities include the development, execution and oversight of the ANTB Operations Manual that lays out all operational processes related to opening and closing accounts, money movement, document processing and storage, account maintenance, etc. in a matrixed environment. The Director will manage service level agreements with internal support functions to assess level of services being provided and develop plans for improvements. They will ensure adequate controls are maintained by evaluating the existing systems, workflow and reviewing audit/regulatory reports to ensure compliance. The Director of ANTB Trust Operations will also be responsible for developing formal implementation plans for all new or revised bank policies to ensure effective operational implementation. They will review all operations related to policy and procedure guidelines in light of changing legislation and local conditions to comply with local regulation and will also closely partner with the compliance and the operational risk functions of ANTB and Ameriprise to mitigate risk. The Director of ANTB Trust Operations will report functionally to the Vice President – Service & Operations of ANTB and will have a matrixed reporting relationship to the Vice President – Head of Personal Trust Wealth Strategies – ANTB through an intercompany agreement.

General Auditor – ANTB (Incumbent: Ryan Burns)
This officer will be responsible for overseeing the internal audit function of the ANTB, including creating the annual Audit Plan. The General Auditor will design the Audit Plan to include risk management processes, account acquisition, account statements and payments processing, and collections. The General Auditor will report functionally to the Audit Committee of the Board of Directors of the ANTB and the Chief Executive Officer of Ameriprise.

All the ANTB senior officers and management staff will directly or have a dual reporting relationship to the President and CEO of ANTB, except as described above.

D. Qualifications and Experience.

President and Chief Executive Officer – ANTB
Current Incumbent: Abu M. Arif (also Internal Director on Board)

Abu Arif is senior vice president business development & general manager – banking and cash solutions in the Advice Wealth Management (AWM) segment of Ameriprise Financial. He is also President of Ameriprise Certificate Company and Director of Ameriprise National Trust Bank. Additionally, he also has executive responsibilities for Ameriprise Information Management, which is an in-house team supporting business intelligence and data mining/analytical needs of all the Ameriprise businesses. He joined American Express in 1989 and moved to Ameriprise Financial in 2005 (at spin-off).

Arif is responsible for driving non-organic growth of the AWM segment through M&A and strategic partnerships. In his general manager capacity, he oversees the management of banking, personal trust services, Ameriprise Certificates and brokerage cash products, including product development, P&L and legal entity governance responsibilities. Prior to this role, Arif was senior vice president & general manager, AWM Cash and Payment Solutions Ameriprise Bank, FSB. Arif was responsible for the overall marketing for all banking products and general management of the Payment/Card and Cash products.

Arif has worked in the financial services industry for over 25 years. He started his career with American Express in the International division spending over ten years in Asia including Pakistan, Singapore, Indonesia and Hong Kong. During those assignments, Arif was responsible for managing a variety of operations, finance and business development functions at a regional and national level. After that he worked in Strategic Planning and Business Development for the Global Financial Services division of American Express till 2005. Arif earned a Bachelor of Business Administration degree and a Master of Business Administration degree from the University of Karachi, Institute of Business Administration. Arif holds a Bachelor of Business Administration degree and a Master of Business Administration degree from the University of Karachi, Institute of Business Administration.

Chief Financial Officer – ANTB
Current Incumbent: Jason Bartylla

Jason Bartylla is vice president and chief financial officer for Ameriprise Bank, FSB. He was appointed as treasurer of Ameriprise Certificate Company 2008 and has been in the Financial Services industry since 1995. Prior to joining ACC, Jason has held several other roles at Ameriprise (formerly American Express) including director of finance for Ameriprise Bank, Manager of Product Development and Management of cash/sweep products for Ameriprise Financial Planning Products and Services and Accounting Manager for American Express Tax and Business Services. He earned a B.S. from the University of Wisconsin-Superior. He passed the Uniform Certified Public Accountant (CPA) exam in 2000 and is an active certificate holder.

Vice President – Chief Risk Officer
Current Incumbent: Paul Tava

Paul Tava joined Ameriprise in 2017 as VP Risk Management, since he has expanded his role and now has responsibilities for the Risk function across the Advice and Wealth Management segment of Ameriprise Financial. Paul bring with him more than 25+ years' experience in Risk Management and Internal Audit at firms including firms such as: RSM McGladrey, American Express, Experis Finance, and CIT Bank.

Chief Compliance Officer
Current Incumbent: James Thvedt

Jim Thvedt joined Ameriprise in early 2019 bringing over 20 years' experience in compliance management. Prior to joining Ameriprise he has worked at firms such as Wells Fargo, US Bank, Promontory Financial, and Discover Financial Services. At Discover Financial Services he was Director, Program Consultant for Compliance and AML. He was responsible for supervising a variety of large initiatives including program organization, structure, and documentation, regulatory and BOD reporting and presentations, risk assessment processes, etc. He held the position of CCO for US Bank where he implemented a new compliance management operating model, processes, policies, and systems, which improved compliance risk management. During

his time with Wells Fargo he was the Director of Regulatory Compliance and was the lead executive for the compliance program including program structure, policies and standards, oversight, and reporting. Jim holds a Master's of Arts Degree, Music from the University of California Berkeley and a Bachelor's Degree in Music from the University of Chicago.

Vice President – Human Resources
Current Incumbent: Amy Roelofs

Amy Roelofs has over 25 years of Human Resource experience, most recently as a Vice President – Human Resource Business Partner with over 15+ years, supporting the Advice and Wealth Management (AWM) segment of Ameriprise Financial, Inc. She has significant experience in connecting business strategy to human capital strategies including talent and performance management, org design/change, leadership coaching and development, talent acquisition strategies, engagement/retention and employee relations. In addition to support of the Banking and Cash Solutions business, which includes the current Ameriprise Bank, FSB, she supports Wealth Management Solutions. Prior to Ameriprise, Amy held several HR related positions in the profit, non-profit, union and non-union organizations in a variety of industries. She is recognized as a strategic business partner who understands the needs of the business and proactively uses that knowledge to identify opportunities that enhance the employee experience. She is a results-driven and creative problem solver who uses her knowledge of the business, excellent communication, analytic, and influence skills to help the business drive success. Amy is SPHR and SHRM-SCP certified along with holding her CFA Institute Investment Foundations certificate. She has a BA in Business Administration and an MBA in Human Resource Management, both from the University of St. Thomas in St. Paul Minnesota.

Vice President and Chief Counsel
Current Incumbent: Jason Solomon

Jason Solomon is Vice President and Chief Counsel in Advice and Wealth Management, currently supporting ANTB and the Wealth Management Solutions managed accounts and mutual funds product teams. Jason joined Ameriprise in 2009 to support Ameriprise Bank, FSB and thereafter Ameriprise National Trust Bank, providing legal, compliance and regulatory counsel. Jason is also the principal attorney for the Marketing and Corporate Communications teams, supporting national brand strategy, advertising initiatives, social media/online strategies and compliance, and corporate communications matters. Prior to joining Ameriprise, Jason was Director, Office of General Counsel for Bank of America/Merrill Lynch from 2007-2009 and represented their FSB to serve the banking needs of wealth management clients. From 2000-2007, Jason was Senior Vice President and Senior Attorney for TD Banknorth, N.A. and represented the bank and its private label credit card division in a myriad of product, regulatory and employment law matters. Jason graduated Cum Laude from the University of Vermont with a Bachelor of Arts in Political Science and received his Doctor of Jurisprudence from West Virginia University College of Law.

Vice President –Technology
Current Incumbent: Ryan Macomb

Ryan Macomb is a Vice President – Application Development in Advice and Wealth Management Technologies and Chief Technology Officer of Ameriprise Bank, FSB. He and his team are responsible for the distribution management and banking technology portfolios. Additionally, his organization leads the technical execution of several large programs across the enterprise (e.g. establishment of the AFIG channel, Department of Labor, etc.). Ryan has been

with Ameriprise for over 20 years, after joining as a software engineer in the Leadership Development Program from the University of Texas at Austin in 1999.

Vice President – Head of Personal Trust Wealth Strategies – ANTB
Current Incumbent: Nancy Anderson

Special Note: Nancy is a new hire anticipated to start Monday, June 7 2021. Employment is subject to passing all required pre-employment background checks, etc.

Nancy Anderson, J.D. is seasoned Wealth Management professional with over 20+ years' experience. Most recently, she served as a Senior Vice President and Head of Wealth Strategy and Trust Services for Calamos. Nancy joined Calamos Wealth Management from BNY Mellon (Chicago), where she served as regional vice president and senior wealth director with an extensive background in wealth management, business development, trust and estate planning work building relationships with high net worth families and business owners. She has a national presence as she frequently collaborates with advisor teams on behalf of clients across the country. Nancy led the fiduciary and trust growth of Calamos Private Trust. Nancy has a strong presence in the Midwest (MN, WI and IL) and long term relationships with her clients and centers of influence in the region.

Director – Trust Administration (Incumbent: OPEN)
Current Incumbent: OPEN

The following qualifications will be used to recruit and fill the role:

- Bachelor's degree or equivalent.
- 7-10 years of relevant experience in Personal Trust Services.
- Trust taxation and fiduciary law, investment management as it relates to trusts, in-depth knowledge of many types of trusts and complex legacy and estate planning topics, trust investment management, project initiation and management experience.
- Able to establish strong, positive business relationships and work collaboratively and cross organizationally – with strong focus on the internal trust team.
- Strong communication skills with occasional travel may be required to meet with advisors and their clients to discuss complex estate and to plan implementation issues.
- Strong knowledge and experience in working with internal Bank and Compliance controls and audits, as well as experience working through OCC and other regulatory audits
- Ability to lead, motivate and manage a team of Trust Officers.
- Preferred: JD or other Advanced Degree

Director – Investments ANTB
Current Incumbent: Nate Zeller

Nate Zeller joined the Ameriprise Financial, FSB in March of 2019 and is currently responsible for oversight and fiduciary responsibility for the investment management process of ANTB, including process ownership and enhancements. Nate has more than 20 years' experience in investment portfolio management. Prior to joining Ameriprise, he held positions at US Bank and Hilltop National Bank. At US Bank, he was VP Managing Director, Portfolio Manager responsible for managing activities of the trust business including client retention and investment management strategy. At Hilltop Bank, Nate held a Trust Officer role and provided investment

and financial planning advice to clients including investment, tax, and estate planning strategies. Nate holds a Bachelor of Science degree in Electrical Engineering and a Master of Business degree from the University of Wyoming.

Senior Manager – Trust Platform Development ANTB
Current Incumbent: Devin Waterman

Devin Waterman is a long standing employee of Ameriprise and bring more than 27 years of tenure with the firm. He is responsible for oversight and fiduciary support of the ANTB business platform, including process enhancement, design and implementation. He works directly with ANTB staff and leadership to identify, plan for, and assist in the implementation of system enhancements and changes. He also provides subject matter expertise in building critical business oversight, regulatory reporting, and support of internal and external audits.

Prior to his current role, Devin has held several positions at Ameriprise including Senior Trust Investment Officer and Director Trust Investments.

Director– Trust Operations ANTB
Current Incumbent: Haris Khan

Haris Khan joined Ameriprise Bank, FSB in June of 2020. He joined Ameriprise with more than 19 years' experience in the Trust business. Prior to joining Ameriprise, he held a Head of Trust Operations role with New York Private Trust Company where he oversaw an $8B portfolio of AUM and managed the Trust Operations team. He also worked at Oppenheimer Trust Company as Head of Trust Operations where he oversaw the Trust portfolio and was responsible for all aspects of business reporting, reconciliations, account openings, trust transactional activity and operations. Haris holds a Bachelor of Science in Science from Pennsylvania State University and a Master of Science in Organizational leadership from Wilmington University.

General Auditor – Risk & Control Services (RCS)
Current Incumbent: Ryan Burns

Ryan Burns is the General Auditor of Risk & Control Services (Internal Audit), responsible for leading the RCS department across all their responsibilities, including: Internal Audit, SOX/MAR/FDICIA program, and external auditor independence/fees. Ryan has 26 years of financial services experience – at Ameriprise since 2001 holding a variety of management positions within the Finance area, 2 years in the General Auditor role. In his current role, he is responsible overseeing all Risk & Control Services' activities for areas for which he is responsible, including providing updates to Boards/Audit Committees of certain subsidiaries and affiliates. Prior to joining Ameriprise, Ryan held multiple positions within ING. Ryan received a B.S. from Mankato State University majoring in business administration with concentrations in Finance and Management and an M.B.A. in Accounting from the University of St. Thomas. In addition, Ryan is a Certified Internal Auditor (CIA), holds his Fellow Life Management Institute Certificate (FLMI) and is on the Twin Cities Institute of Internal Auditors Board of Governors.

BSA/AML Officer
Current Incumbent: Thor Nelson

Thor Nelson has more than 19 years' experience in the financial services industry. He currently serves as Global AML Officer and Vice President of AML and Anti-Fraud at Ameriprise Financial, Inc., where he spent the last past six years as the Director of AML. Prior to this

Ameriprise, Thor was the AML Investigations Manager at TCF Bank, managing a team of 65 AML Investigators. Before working at TCF, Thor spent 11 years at RBC Wealth Management, with 7 of those years being spent in the AML department. Thor has his CAMS certification, holds an MBA from Augsburg University, and carries the 7, 24, 55 and 66 licenses.

Public Exhibit 6

AFI 2005 Incentive Compensation Plan

AMERIPRISE FINANCIAL
2005 INCENTIVE COMPENSATION PLAN

(As Amended and Restated Effective April 30, 2014)

1. Purpose of the Plan

The Plan is intended to promote the interests of the Company and its stockholders by providing the eligible employees, non-employee directors and independent contractors of the Company, who are largely responsible for the management, growth and protection of the business of the Company, with incentives and rewards to encourage them to continue in the service of the Company. The Plan is designed to meet this intent by providing such eligible persons with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company.

2. Definitions

As used in the Plan, the following definitions apply to the terms indicated below:

2.1 "Ameriprise Financial" means Ameriprise Financial, Inc., a Delaware corporation and any successor thereto.

2.2 "Award" means an Option, Stock Appreciation Right, Award of Restricted Stock, Award of Restricted Stock Units, Other Share-Based Award or Performance Award issued under the Plan.

2.3 "Award Agreement" means any written agreement or other instrument or document evidencing an Award under the Plan, including through an electronic medium.

2.4 "Board" means the board of directors of Ameriprise Financial.

2.5 "Code" means the Internal Revenue Code of 1986, as amended from time to time, and all regulations, interpretations and administrative guidance issued thereunder.

2.6 "Committee" means the Compensation and Benefits Committee of the Board or such other committee as the Board shall appoint from time to time to administer the Plan and to otherwise exercise and perform the authority and functions assigned to the Committee under the terms of the Plan. The Committee shall consist of no fewer than two Directors, each of whom is (a) a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, (b) an "outside director" within the meaning of Section 162(m) of the Code, and (c) an "independent director" for purpose of the rules and regulations of the New York Stock Exchange (the "NYSE")(or such other principal securities market on which the Shares are traded).

2.7 "Company" means Ameriprise Financial and all of its Subsidiaries, collectively.

2.8 "Covered Employee" means an employee of the Company or its subsidiaries who is a "covered employee" within the meaning of Section 162(m) of the Code.

2.9 "Director" means a non-employee member of the Board.

2.10 "Dividend Equivalents" has the meaning set forth in Section 11.7.

2.11 "Employee" means any employee of the Company and any prospective employee conditioned upon, and effective not earlier than, such person becoming an employee of the Company.

2.12 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2.13 "Fair Market Value" means, with respect to the Shares as of any date, the per-Share closing price as reported on the NYSE composite tape on such date, or, if there is no such reported sale price of Shares on the NYSE composite tape on such date, then the per-Share closing price as reported on the NYSE composite tape on the last previous day on which sale price was reported on the NYSE composite tape, or such other value as determined by the Committee in accordance with applicable law. The Fair Market Value of any Shares (for purposes of Section 6.4(b)), and any property other than Shares shall be the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

2.14 "Option" means any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.

2.15 "Other Share-Based Award" means any Award of Shares or other Award that is valued in whole or in part by reference to, or is otherwise based on, Shares.

2.16 "Participant" means an Employee, Director or independent contractor of the Company who is eligible to participate in the Plan and to whom one or more Awards have been granted pursuant to the Plan and, following the death of any such Person, his successors, heirs, executors and administrators, as the case may be.

2.17 "Payment Share" means Shares, Restricted Stock, Restricted Stock Units or Other Share-Based Awards granted solely in lieu of the cash payment of the employee-deferral portion (and the earnings on such portion) of a Participant's account under a nonqualified deferred compensation plan or similar arrangement of the Company, on a dollar-for-dollar basis based on the Fair Market Value of such Shares, Restricted Stock, Restricted Stock Units or Other Share-Based Awards at the time of payment; for the avoidance of doubt, a "Payment Share" shall not include any grant made in payment of any Company contribution (or the earnings thereon) under a nonqualified deferred compensation plan or similar arrangement of the Company regardless of whether such payment is made in lieu of cash.

2.18 "Performance Award" means an Award granted under Section 9 contingent on the achievement of enumerated performance goals, pursuant to which the Participant may become

entitled to receive cash, Shares or property, or other forms of payment, or any combination thereof, as determined by the Committee.

2.19 "Performance Period" means the period of time during which the performance goals under a Performance Award must be met.

2.20 "Person" means a "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act, including any "group" within the meaning of Section 13(d)(3) under the Exchange Act.

2.21 "Plan" means this Ameriprise Financial 2005 Incentive Compensation Plan, as it may be amended from time to time.

2.22 "Restricted Stock" means any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose, including any restriction on the right to vote such Share and the right to receive any dividends, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.23 "Restricted Stock Unit" means an Award that is valued by reference to a Share, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including without limitation, cash or Shares, or any combination thereof, and that has such restrictions as the Committee, in its sole discretion, may impose, including without limitation, any restriction on the right to retain such Awards, to sell, transfer, pledge or assign such Awards, or to receive any cash Dividend Equivalents with respect to such Awards, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.24 "Securities Act" means the Securities Act of 1933, as amended from time to time.

2.25 "Shares" means the shares of common stock of Ameriprise Financial, $0.01 par value per share, or any other security into which the common stock shall be changed pursuant to the adjustment provisions of Section 13.

2.26 "Stock Appreciation Right" means any right granted to a Participant pursuant to Section 7.

2.27 "Subsidiary" means any "subsidiary" within the meaning of Rule 405 under the Securities Act.

2.28 "Substitute Awards" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or with which the Company combines.

2.29 "Vesting Period" means the period of time specified by the Committee during which an Award is subject to vesting restrictions.

2.30 "Voting Securities" means, at any time, Ameriprise Financial's then outstanding voting securities.

3. Available Shares

3.1 Number of Shares.

(a) Subject to adjustment as provided in Section 13, a total of 54,400,000 Shares shall be authorized for issuance under the Plan. Of such total, as of April 30, 2014, no more than 4,500,000 Shares may be used for Awards other than Options or Stock Appreciation Rights.

(b) For purposes of counting Shares against the Share reserves under Section 3.1(a): (i) Awards denominated solely in Shares (such as Options, Stock Appreciation Rights and Restricted Stock) and other Awards that may be exercised for or convertible into Shares will be counted against the reserve on the date of grant of the Award based on the maximum number of Shares underlying the Award; and (ii) Awards denominated other than in Shares that are exercisable for or convertible into Shares will be counted based on the number of Shares actually issued.

(c) If any Shares subject to an Award are forfeited, expire or otherwise terminate without issuance of such Shares, or any Award is settled for cash or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award, such Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for issuance under the Plan. Shares tendered or withheld by the Company to satisfy tax withholding requirements upon the vesting of Awards other than Options and Stock Appreciation Rights shall also become available for issuance under the Plan.

(d) For the avoidance of doubt, in the event that (i) any Option is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, (ii) withholding tax liabilities arising from the exercise of an Option or Stock Appreciation Right other Award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company or (iii) any Shares are purchased by the Company with the proceeds from Option exercises, the Shares so tendered or withheld shall not become available for issuance under the Plan.

(e) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Company or with which the Company combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or

combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

(f) Notwithstanding any other provision of the Plan, the aggregate grant date fair value of all Awards made to any single Director in any calendar year shall not exceed $500,000, excluding the value of Awards made during that year at the election of the Director in lieu of all or a portion of annual Board and committee cash compensation. For the avoidance of doubt, the purpose of the final clause in the preceding sentence is to apply the $500,000 annual limitation consistently to all Directors, regardless of whether a Director has elected to acquire Awards using cash compensation otherwise payable to him or her for service as a Director.

3.2 Character of Shares. Any Shares issued under the Plan may consist, in whole or in part, of either authorized and unissued shares or treasury shares, or both, at the sole discretion of the Committee.

4. Administration of the Plan

4.1 Administration. The Plan shall be administered by the Committee.

4.2 Authority. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (a) select the Employees and independent contractors to whom Awards may from time to time be granted under the Plan; (b) determine the type or types of Awards, not inconsistent with the provisions of the Plan, to be granted to each Participant under the Plan; (c) determine the number of Shares to be covered by each Award granted under the Plan; (d) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted under the Plan; (e) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (f) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (g) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (h) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (i) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (j) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (k) determine whether any Award (other than an Option or Stock Appreciation Right) will have Dividend Equivalents; and (l) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan. Without limiting the generality of the foregoing, the Committee shall determine whether an authorized leave of absence, or absence in military or government service, shall constitute termination of employment. Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including any Participant and any Subsidiary. Any action or determination by the Committee specifically affecting or relating to an Award to a Director shall require the prior approval of the Board.

4.3 Prohibition Against Repricing. Notwithstanding Section 4.2 or any other provision of the Plan, except for adjustments pursuant to Section 13, the Committee shall not reprice, adjust or amend the exercise price of Options or the strike price of Stock Appreciation Rights previously awarded to any Participant, whether through amendment, cancellation and replacement grant, or any other means, unless such action is approved by the stockholders of the Company. For purposes of the Plan, the term "reprice" shall mean: (a) the reduction, directly or indirectly, in the per-Share price of an outstanding Option or Stock Appreciation Right by amendment, cancellation or substitution; (b) any action that is treated as a repricing under generally accepted accounting principles; (c) canceling an Option or Stock Appreciation Right in exchange for another Option, Stock Appreciation Right or other equity security (unless the cancellation and exchange occurs in connection with a merger, acquisition, or similar transaction); and (d) any other action that is treated as a repricing by the rules or regulations of any stock exchange on which the securities of the Company are traded. In addition, notwithstanding any other provision in the Plan to the contrary, an Option or a Stock Appreciation Right may not be surrendered in consideration of or exchanged for cash, other Awards, or a new Option or a Stock Appreciation Right having an exercise price below that of the Option or a Stock Appreciation Right which was surrendered or exchanged, unless the exchange occurs in connection with an adjustment pursuant to Section 13 or a merger, acquisition, or similar transaction, or such action is approved by the stockholders of the Company. Any amendment or repeal of this Section 4.3 shall require the approval of the stockholders of the Company

4.4 Delegation. To the extent not inconsistent with applicable law, including Section 162(m) of the Code, or the rules and regulations of the NYSE (or such other principal securities market on which the Shares are traded), the Committee may delegate to (a) committee of one or more directors of the Company any of the authority of the Committee under the Plan, including the right to grant, cancel or suspend Awards and (b) to the extent permitted by law, to one or more executive officers or a committee of executive officers the right to grant Awards to persons who are not executive officers (within the meaning of Rule 16a-1 under the Exchange Act) of the Company, subject to such restrictions and limitation as the Committee may specify. In no event, however, may the Committee delegate to another Board committee, one or more executive officers, or a committee of executive officers the authority to take any action or make any determination specifically affecting or relating to an Award to a Director.

4.5 Liability. No member of the Committee shall be liable for any action, omission, or determination relating to the Plan, and Ameriprise Financial shall indemnify and hold harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

5. Eligibility

5.1 Eligible Participants. Any Employee, Director or independent contractor of the Company shall be eligible to be selected as a Participant and to receive Awards pursuant to the Plan.

5.2 Foreign Employees. Awards may be granted to Participants who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

6. Options

6.1 Grant. Options may be granted under the Plan to Participants either alone or in addition to other Awards granted under the Plan.

6.2 Exercise Price. Other than in connection with Substitute Awards, the exercise price per each Share purchasable under any Option shall not be less than 100 percent of the Fair Market Value of a Share on the date of grant of such Option.

6.3 Term. The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Option shall be exercisable after the expiration of ten years from the date the Option is granted, except in the event of death or disability. Except for Substitute Awards, Options granted to a person newly hired or retained to perform services for the Company, Options granted in connection with the promotion of an Employee, or the death, disability, retirement or other termination of a Participant, or the occurrence of a corporate transaction (including, but not limited to, a Change in Control), Options may not be exercisable before the expiration of one year from the date the Option is granted.

6.4 Exercise.

(a) Vested Options granted under the Plan shall be exercised by the Participant as to all or part of the Shares covered thereby, by giving notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased. The notice of exercise shall be in such form, made in such manner, and in compliance with such other requirements consistent with the provisions of the Plan as the Committee may prescribe from time to time.

(b) Unless otherwise provided in an Award Agreement, full payment of such exercise price shall be made at the time of exercise and shall be made (i) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (ii) by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), (iii) with the consent of the Committee, by authorizing a third party to sell, on behalf of the Participant, the appropriate number of Shares otherwise issuable to the Participant upon the exercise of the Option and to remit to the Company a sufficient portion of the sale proceeds to pay the entire exercise price and the minimum statutory tax withholding resulting

from such exercise, (iv) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (v) through any other method specified in an Award Agreement, or (vi) any combination of any of the foregoing. In no event may any Option granted under the Plan be exercised for a fraction of a Share. No adjustment shall be made for cash dividends or other rights for which the record date is prior to the date of such issuance.

6.5 Incentive Stock Options. The Committee may grant Options intended to qualify as "incentive stock options" as defined in Section 422 of the Code, to any Employee, subject to the requirements of Section 422 of the Code. The Award Agreement evidencing the award of an "incentive stock option" shall clearly identify such Option as an "incentive stock option" within the meaning of Section 422 of the Code. Solely for purposes of determining whether Shares are available for the grant of "incentive stock options" under the Plan, the maximum aggregate number of Shares that may be issued pursuant to "incentive stock options" granted under the Plan shall be the total number of Shares authorized for issuance under the Section 3.1(a) of the Plan (but without regard to the operation of Section 3.1(c)), subject to adjustments provided in Section 13.

7. Stock Appreciation Rights

7.1 Grant. Stock Appreciation Rights may be granted under the Plan to Participants (a) in conjunction with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option, (b) in conjunction with all or part of any Award (other than an Option) granted under the Plan or at any subsequent time during the term of such Award, or (c) without regard to any Option or other Award in each case upon such terms and conditions as the Committee may establish in its sole discretion.

7.2 Strike Price. Other than in connection with Substitute Awards, the per-Share strike price under any Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of a Share on the date of grant of such Stock Appreciation Right (subject to the requirements of Section 409A of the Code with respect to a Stock Appreciation Right granted in conjunction with, but subsequent to, an Option).

7.3 Term. The term of each Stock Appreciation Right shall be fixed by the Committee in its sole discretion; provided that no Stock Appreciation Right shall be exercisable after the expiration of ten years from the date the Stock Appreciation Right is granted, except in the event of death or disability. Except for Substitute Awards, Stock Appreciation Rights granted to a person newly hired or retained to perform services for the Company, Stock Appreciation Rights granted in connection with the promotion of an Employee, or the death, disability, retirement or other termination of a Participant, or the occurrence of a corporate transaction (including, but not limited to, a Change in Control), Stock Appreciation Rights may not be exercisable before the expiration of one year from the date the Option is granted. The Committee may impose such terms and conditions on Stock Appreciation Rights granted in conjunction with any Award (other than an Option) as the Committee shall determine in its sole discretion.

7.4 Exercise.

(a) Vested Stock Appreciation Rights granted under the Plan shall be exercised by the Participant as to all or part of the Shares covered thereby, by giving notice of exercise to the Company or its designated agent, specifying the number of Shares covered thereby to which the Stock Appreciation Right is exercised. The notice of exercise shall be in such form, made in such manner, and in compliance with such other requirements consistent with the provisions of the Plan as the Committee may prescribe from time to time. In no event may any Stock Appreciation Right granted under the Plan be exercised for a fraction of a Share.

(b) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the strike price of the Stock Appreciation Right. The Committee shall determine in its sole discretion whether payment shall be made in cash, in whole Shares or other property, or any combination thereof.

8. Restricted Stock, Restricted Stock Units and Other Share-Based Awards

8.1 Grant. Awards of Restricted Stock and of Restricted Stock Units and Other Share-Based Awards may be granted under the Plan to Participants either alone or in addition to other Awards granted under the Plan, and such Awards of Restricted Stock and Restricted Stock Units and Other Share-Based Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. An Award of Restricted Stock or Restricted Stock Units or Other Share-Based Awards shall be subject to vesting restrictions imposed by the Committee covering the Vesting Period. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company as a condition precedent to the issuance of Restricted Stock, Restricted Stock Units or Other Share-Based Award.

8.2 Term. Except for Substitute Awards, Awards of Restricted Stock or Restricted Stock Units or Other Share-Based Awards granted to a person newly hired or retained to perform services for the Company, Awards of Restricted Stock or Restricted Stock Units or Other Share-Based Awards granted in connection with the promotion of an Employee, or the death, disability, retirement or other termination of a Participant, or the occurrence of a corporate transaction (including, but not limited to, a Change in Control), or special circumstances determined by the Committee, such as the achievement of performance objectives (which shall have a minimum Vesting Period of one year), Awards of Restricted Stock and Restricted Stock Units and Other Share-Based Awards subject solely to the continued employment of Employees shall have a Vesting Period of not less than three years from the date of grant (but permitting pro rata vesting over such time); provided that such restrictions shall not be applicable to (a) grants to new hires to replace forfeited awards from a prior employer, (b) grants of Awards of Restricted Stock or Restricted Stock Units or Other Share-Based Awards in payment of Performance Awards and other earned cash-based incentive compensation, (c) Awards of Restricted Stock or Restricted Stock Units or Other Share-Based Awards granted as Payment Shares, or (d) grants not in excess of five percent of the number of shares available for Awards under Section 3.1(a). Subject to the foregoing minimum Vesting Period requirements, the Committee may, in its sole discretion and subject to the limitations imposed under Section 162(m) of the Code in the case of an Award of

Restricted Stock or Restricted Stock Units or Other Share-Based Award intended to comply with the performance-based exception under Code Section 162(m), waive the forfeiture period and any other conditions set forth in any Award Agreement subject to such terms and conditions as the Committee shall deem appropriate. The minimum Vesting Period requirements of this Section shall not apply to Awards of Restricted Stock or Restricted Stock Units or Other Share-Based Awards granted to Directors or any consultant or advisor who provides services to the Company.

8.3 Rights of Holders. Unless otherwise provided in the Award Agreement, beginning on the date of grant of an Award of Restricted Stock, the Participant shall become a stockholder of the Company with respect to all Shares subject to the Award and shall have all of the rights of a stockholder, including the right to vote such Shares and the right to receive distributions made with respect to such Shares. A Participant receiving an Award of Restricted Stock Units or Other Share-Based Award shall not possess voting rights with respect to such Award. Except as otherwise provided in an Award Agreement, any Shares or any other property (other than cash) distributed as a dividend or otherwise with respect to any Award of Restricted Stock or Restricted Stock Units or Other Share-Based Award as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Award of Restricted Stock or Restricted Stock Units or Other Share-Based Award.

8.4 Payment. Except as may be provided in an Award Agreement, Other Share-Based Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Other Share-Based Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

9. Performance Awards

9.1 Grant. Performance Awards may be granted under the Plan to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan.

9.2 Terms and Conditions. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award; provided, however, that a Performance Period shall not be shorter than one year. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 10.2. Dividends or Dividend Equivalents accruing on Performance Awards shall not be paid until and only to the extent that the Performance Award is earned.

9.3 Payment. Except as may otherwise be provided in an Award Agreement, Performance Awards will be paid only after the end of the relevant Performance Period. The amount of the Award to be paid shall be conclusively determined by the Committee. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis, subject to the requirements of Section 409A of the Code.

10. Qualifying Awards

10.1 Grant. Notwithstanding any other provision of the Plan, if the Committee determines at the time an Award of Restricted Stock or Restricted Stock Units, a Performance Award or an Other Share-Based Award is granted to a Participant who is, or is likely to be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Section 10 is applicable to such Award.

10.2 Performance Criteria. If the Committee determines that an Award of Restricted Stock or Restricted Stock Units, a Performance Award or an Other Share-Based Award is intended to be subject to this Section 10, the lapsing of restrictions thereon and the payment of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: (a) net income or operating net income (before or after taxes, interest, depreciation, amortization or nonrecurring or unusual items); (b) return on assets, return on capital, return on equity, return on economic capital, return on other measures of capital, return on sales or other financial criteria; (c) revenue or net sales; (d) gross profit or operating gross profit; (e) cash flow; (f) productivity or efficiency ratios; (g) share price or total shareholder return; (h) earnings per share; (i) budget and expense management; (j) customer and product measures, including market share, high value client growth, and customer growth; (k) working capital turnover and targets; (l) margins; and (m) economic value added or other value added measurements, in any such case (i) considered absolutely or relative to historic performance or relative to one or more other businesses and (ii) determined for the Company or any business unit or division thereof. The measurement of any performance goal may exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of accounting changes, each as defined by generally accepted accounting principles and as identified in the Company's audited financial statements, including the notes thereto. Any performance goal may be used to measure the performance of Ameriprise Financial or a Subsidiary as a whole or any business unit of Ameriprise Financial or any Subsidiary, or any combination thereof, as the Committee may deem appropriate, or any of the above performance goals as compared to the performance of a group of comparator companies, or a published or special index that the Committee, in its sole discretion, deems appropriate. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of Section 162(m) of the Code.

10.3 Individual Award Limits. Subject to adjustment as provided in Section 13 and excluding Substitute Awards, the maximum number of Shares that may be covered by Stock Options or Stock Appreciation Rights granted under the Plan to any single Participant in any calendar year shall not exceed 3 million shares. The amount payable to any Participant with respect to any calendar year for all Awards other than Stock Options and Stock Appreciation Rights shall not exceed $30 million. For purposes of the foregoing sentence, the calendar year or years in which amounts under Awards are deemed paid or received shall be as determined by the Committee, and Awards shall be valued against the $30 million limit as follows: (a) an Award denominated in dollars shall have a value equal to the amount paid under the Award; and (b) an

Award denominated in Shares shall have a value equal to the product of the number of Shares subject to the Award multiplied by the Fair Market Value of a Share on the date of grant.

10.4 Discretionary Reduction. The amount payable with respect to an Award that is subject to the provisions of this Section 10 shall be determined in any manner permitted by Section 162(m) of the Code. The Committee may, in its discretion, reduce or eliminate the amount payable to any Participant with respect to an Award that is subject to the provisions of this Section 10, based on such factors as the Committee may deem relevant, but the Committee may not increase any such amount above the amount established in accordance with the relevant performance goals. For purposes of clarity, the Committee may exercise the discretion provided for by the foregoing sentence in a non-uniform manner among Participants.

10.5 Restrictions. The Committee shall have the power to impose such other restrictions on Awards subject to this Section 10 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m) of the Code.

11. Generally Applicable Award Provisions

11.1 Award Agreement. Each Award granted under the Plan shall be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan.

11.2 Award Terms May Vary by Participant. The terms of Awards need not be the same with respect to each Participant.

11.3 No Obligation to Exercise. The grant of an Award to a Participant under the Plan shall impose no obligation upon such Participant to exercise such Award.

11.4 No Right to Continued Employment or Service. Nothing contained in the Plan or any Award shall confer upon any Participant any right with respect to the continuation of his employment by or service to the Company or interfere in any way with the right of the Company at any time to terminate such employment or service or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Award.

11.5 Nontransferability. Awards granted under the Plan may not be sold, pledged, hypothecated, assigned, margined or otherwise transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed or have otherwise been waived by the Committee. No Award or interest or right therein shall be subject to the debts, contracts or engagements of a Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, lien, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy and divorce), and any attempted disposition thereof shall be null and void, of no effect, and not binding on the Company in any way.

11.6 Termination of Employment. The Committee shall determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, and the terms of such exercise, on and after the date that a Participant ceases to be employed by or to provide services to the Company (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

11.7 Dividend Equivalents. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (other than an Option or Stock Appreciation Right) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, cash, stock or other property dividends, or cash payments in amounts equivalent to cash, stock or other property dividends on Shares ("Dividend Equivalents") with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that such amounts and Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that such amounts and Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. In no event, however, shall dividends or Dividend Equivalents be paid to any recipient of a Performance Award or other Award subject to performance conditions until and only to the extent that the Award is earned.

11.8 Tax Withholding. The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant net of any applicable federal, state and local taxes required to be paid or withheld as a result of (a) the grant of any Award, (b) the exercise of an Option or Stock Appreciation Right, (c) the delivery of Shares or cash, (d) the lapse of any restrictions in connection with any Award or (e) any other event occurring pursuant to the Plan. The Company shall have the right to withhold from wages or other amounts otherwise payable to such Participant such withholding taxes as may be required by law, or to otherwise require the Participant to pay such withholding taxes. If the Participant shall fail to make such tax payments as are required, the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant or to take such other action as may be necessary to satisfy such withholding obligations. The Committee shall be authorized to establish procedures for election by Participants to satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), or by directing the Company to retain Shares (up to the Participant's minimum required tax withholding rate or such other rate that will not trigger a negative accounting impact) otherwise deliverable in connection with the Award.

11.9 Recoupment of Incentive Compensation. Notwithstanding any other provisions in the Plan, any Award which is subject to recovery under any law, government regulation, stock exchange listing requirement or recoupment policy adopted by the Company will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, stock exchange listing requirement or recoupment policy adopted by the Company (including a policy adopted by the Company in response to any such law, government regulation or stock exchange listing requirement).

11.10 Automatic Exercise. The Committee, in its sole discretion, may provide in an

Award Agreement or otherwise that any Option or Stock Appreciation Right outstanding on the last business day of the term of such Option or Stock Appreciation Right with an exercise or strike price per Share that is less than the Fair Market Value of a Share as of such date shall automatically and without further action by the Participant (or, in the event of Participant's death, Participant's personal representative or estate) or the Company be exercised on the last business day of the term of such Option or Stock Appreciation Right if the Committee, in its sole discretion, determines that such exercise would provide economic benefit to the Participant after payment of the exercise price, applicable taxes and any expenses to effect the exercise. In the sole discretion of the Committee, payment of the exercise price of any Option may be made pursuant to Section 6.4(b)(iii) or (iv), and the Company may deduct or withhold an amount sufficient to satisfy all taxes associated with such exercise in accordance with Section 11.8. Unless otherwise determined by the Committee, this Section shall not apply to an Option if the Participant of such Option incurs a termination of employment or service on or before the last business day of the term of such Option or Stock Appreciation Right.

11.11 Data Protection. By participating in the Plan, a Participant consents to the collection, processing, transmission and storage by the Company in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of administering the Plan. The Company may share such information with any Subsidiary, trustees, brokers, other third-party administrator or any Person who obtains control of the Company or acquires the Company or a Subsidiary which employs the Participant.

12. Change in Control

12.1 For purposes of the Plan and any Award Agreement, "Change in Control" means the occurrence of any of the following:

(a) any Person becoming the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act, a "Beneficial Owner") of 25 percent or more of the combined voting power of Voting Securities; provided, however that a Change in Control shall not be deemed to occur by reason of an acquisition of Voting Securities by the Company or by an employee benefit plan (or a trust forming a part thereof) maintained by the Company; and provided, further that a Change in Control shall not be deemed to occur solely because any Person becomes the Beneficial Owner of 25 percent or more of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities deemed to be outstanding, increases the proportional number of shares Beneficially Owned by such Person, except that a Change in Control shall occur if a Change in Control would have occurred (but for the operation of this proviso) as a result of the acquisition of Voting Securities by the Company, and after such acquisition such Person becomes the Beneficial Owner of any additional Voting Securities following which such Person is the Beneficial Owner of 25 percent or more of the outstanding Voting Securities;

(b) the individuals who, as of April 30, 2014, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however that if the election or appointment, or nomination for election by Ameriprise Financial's common stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of the Plan,

thereafter be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of an actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Proxy Contest; or

(c) the consummation of:

(i) a merger, consolidation, reorganization or similar transaction (any of the foregoing, a "Business Combination") with or into Ameriprise Financial or in which securities of Ameriprise Financial are issued, unless such Business Combination is a Non-Control Transaction;

(ii) a complete liquidation or dissolution of the Company; or

(iii) the sale or other disposition of all or substantially all of the assets of the Company (on a consolidated basis) to any Person other than the Company or an employee benefit plan (or a trust forming a part thereof) maintained by the Company or by a Person which, immediately thereafter, will have all its voting securities owned by the holders of the Voting Securities immediately prior thereto, in substantially the same proportions.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur as a result of any event or transaction to the extent that treating such event or transaction as a Change in Control would cause any tax to become due under Section 409A of the Code.

12.2 "Non-Control Transaction" means a Business Combination involving Ameriprise Financial where:

(a) the holders of Voting Securities immediately before such Business Combination own, directly or indirectly immediately following such Business Combination more than fifty percent of the combined voting power of the outstanding voting securities of the parent corporation resulting from, or issuing its voting securities as part of, such Business Combination (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before such Business Combination by reason of their prior ownership of Voting Securities;

(b) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Business Combination constitute a majority of the members of the board of directors of the Surviving Corporation, or a corporation beneficially owning a majority of the voting securities of the Surviving Corporation; and

(c) no Person other than the Company or any employee benefit plan (or any trust forming a part thereof) maintained immediately prior to such Business Combination by the Company, is a Beneficial Owner of 25 percent or more of the combined voting power of the Surviving Corporation's voting securities outstanding immediately following such Business Combination.

12.3 Change in Control. The Committee may determine and set forth in each Award Agreement the effect of a Change in Control on such Award.

13. Anti-Dilution Adjustments

In the event of any change in the outstanding Shares by reason of any stock split, stock dividend, split-up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination, subdivision or exchange of shares, a sale by Ameriprise Financial of all or part of its assets, any distribution to stockholders other than a normal cash dividend, or other extraordinary or unusual event, the Committee shall make such adjustment in: (a) the class and aggregate number of shares that may be delivered under the Plan as described in Section 3.1(a); (b) the class and aggregate number of shares that may be delivered under the Plan as Awards other than Options or Stock Appreciation Rights described in Section 3.1(a); (c) the class and aggregate number of shares that may be delivered under the Plan as "incentive stock options" as described in Section 6.5; (d) the class, number and exercise/strike price of outstanding Options and Stock Appreciation Rights; and (e) the class and number of shares subject to any other Awards granted under the Plan (provided that the number of shares of any class subject to Awards shall always be a whole number), as may be determined to be appropriate by the Committee, and such adjustments shall be final, conclusive and binding for all purposes of the Plan; provided, however, that no such adjustment shall be made if and to the extent that the making of such adjustment would cause Options, Stock Appreciation Rights or qualifying awards granted under Section 10 to fail to qualify as "performance-based compensation" under Section 162(m) of the Code. With respect to Awards subject to Section 409A of the Code, any adjustments or substitutions under this Section 13 shall conform to the requirements of Section 409A of the Code.

14. Amendment and Termination

14.1 Board Authority to Amend or Terminate the Plan. The Board may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the principal securities market on which the Shares are traded; provided that the Board may not amend the Plan in any manner that would result in noncompliance with Rule 16b-3 of the Exchange Act; and further provided that the Board may not, without the approval of the Company's stockholders amend the Plan to (a) increase the number of Shares that may be the subject of Awards under the Plan (except for adjustments pursuant to Section 13), (b) expand the types of Awards available under the Plan, (c) materially expand the class of persons eligible to participate in the Plan, (d) amend any provision of Section 4.3, 6.2 or 7.2, (e) increase the maximum permissible term of any Option specified by Section 6.3 or the maximum permissible term of a Stock Appreciation Right specified by Section 7.3, or (f) amend any provision of Section 10.3. Nothing in the Plan shall limit the right of the Company to pay compensation of any kind outside the terms of the Plan.

14.2 Effect of Amendment or Termination on Outstanding Awards. Except as expressly provided in the Plan, no action under Section 14.1 may, without the consent of a Participant, reduce in any material respect the Participant's rights under any previously granted and outstanding Award.

14.3 Savings Clause. No provision of this Section 14 shall be given effect to the extent that such provision would cause any tax to become due under Section 409A of the Code.

15. Miscellaneous

15.1 No Right to Awards. No person shall have any claim or right to receive an Award under the Plan. The Committee's granting of an Award to a Participant at any time shall neither require the Committee to grant an Award to such Participant or any other Participant or other person at any time nor preclude the Committee from making subsequent grants to such Participant or any other Participant or other person.

15.2 Rights as a Stockholder. Unless the Committee determines otherwise, a Participant shall not have any rights as a stockholder with respect to Shares covered by an Award until the date the Participant becomes the holder of record with respect to such Shares. No adjustment will be made for dividends or other rights for which the record date is prior to such date, except as provided in Section 11.7.

15.3 Unfunded Plan. Unless otherwise determined by the Committee, the Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any Participant holds any rights by virtue of an Award granted under the Plan, such rights shall constitute general unsecured liabilities of the Company and shall not confer upon any Participant or any other person or entity any right, title, or interest in any assets of the Company.

15.4 Compliance with Section 409A of the Code. This Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the Award shall be granted, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. Any provision of this Plan that would cause the grant of an Award or the payment, settlement or deferral thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

15.5 Expenses and Receipts. The expenses of the Plan shall be paid by Ameriprise Financial. Any proceeds received by Ameriprise Financial in connection with any Award will be used for general corporate purposes.

15.6 Captions. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

15.7 Severability. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful,

valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction, such unlawfulness, invalidity or unenforceability shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or unenforceable, then such unlawfulness, invalidity or unenforceability shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or unenforceable, and the maximum payment or benefit that would not be unlawful, invalid or unenforceable shall be made or provided under the Plan.

15.8 Governing Law. The Plan and the rights of all persons under the Plan shall be construed and administered in accordance with the laws of the State of New York, without regard to its conflict of law principles. All Participants agree to submit to the jurisdiction of the state and federal courts of Minnesota with respect to matters relating to the Plan and agree not to raise or assert the defense that such forum is not convenient for such Participant.

15.9 Arbitration. Any dispute, claim or controversy that may arise between a Participant and the Company or any other person (the "Claims") under the Plan is subject to arbitration, unless otherwise agreed to in writing by the Participant and the Company. The Claims shall be finally decided by arbitration conducted pursuant to the Commercial Dispute Resolution Procedures of the American Arbitration Association (the "AAA"), and its Supplementary Rules for Securities Arbitration, or other applicable rules promulgated by the AAA. In addition, all claims, statutory or otherwise, which allege discrimination or other violation of employment laws, including but not limited to claims of sexual harassment, shall be finally decided by arbitration pursuant to the AAA unless otherwise agreed to in writing by a Participant and the Company. By agreement of a Participant and the Company in writing, disputes may be resolved in arbitration by a mutually agreed-upon organization other than the AAA. In consideration of the promises and the compensation provided in this Plan, neither a Participant nor the Company shall have a right: (a) to arbitrate a Claim on a class action basis or in a purported representative capacity on behalf of any Participants, employees, applicants or other persons similarly situated; (b) to join or to consolidate in an arbitration Claims brought by or against another Participant, employee, applicant or the Participant, unless otherwise agreed to in writing by the Participant and the Company; (c) to litigate any Claims in court or to have a jury trial on any Claims; and (d) to participate in a representative capacity or as a member of any class of claimants in an action in a court of law pertaining to any Claims. Either a Participant or the Company may compel arbitration of any Claims filed in a court of law. In addition, either a Participant or the Company may apply to a court of law for an injunction to enforce the terms of the Plan pending a final decision on the merits by an arbitration panel pursuant to this provision. The Company shall pay all fees, costs or other charges charged by the AAA or any other organization administering arbitration proceeding agreed upon pursuant to this Section 15.9 that are above and beyond the filing fees of the federal or state court in the jurisdiction in which the dispute arises, whichever is less. A Participant or the Company shall each be responsible for their own costs of legal representation, if any, except where such costs of legal representation may be awarded as a statutory remedy by the arbitrator. Any award by an arbitration panel shall be final and binding upon a Participant or the Company. Judgment upon the award may be entered by any court having jurisdiction thereof or having

jurisdiction over the relevant party or its assets. This provision is covered and enforceable under the terms of the Federal Arbitration Act.

15.10 Effective Date and Term of Plan. The Plan was originally adopted by the Board on September 30, 2005, subject to the approval of the Plan by the stockholders of Ameriprise Financial. The Plan was most recently amended and restated by the Board on February 25, 2014, subject to the approval of the Plan by the stockholders of Ameriprise Financial. No grants of Awards may be made under the Plan after February 25, 2024.

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