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PRESENTATION

Editor

(video playing)

Unidentified Participant

To start our day, please welcome Darin Arita, Senior Vice President and Head of Investor Relations.

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Our people and our culture have been critical to our success. They have helped transform Voya Financial into what it is today.

Having been an equity analyst and now being in my current role, I have gained a greater appreciation of the importance of people and culture. This video was a window into our company to see our employees and the excitement and the enthusiasm they have for working at Voya. Today we present you with the opportunity to come inside and meet with some of our senior executives, to engage with them, and learn how they are continuing to transform our company. Some of our executives you have met before and some of them are new to you.

Before the fun can begin, I've been advised to mention a brief statement. As a housekeeping matter, I note during today's presentation we will be making a number of forward-looking statements which include all statements relating to our financial targets and expectations. Factors that could cause actual results to differ materially from these forward-looking statements are discussed on this slide and in the risk factors section of Voya's most recent 10-K and 10-Q filings.

As the slide also notes, we will also be discussing today a number of non-GAAP financial measures. In particular, when we refer in today's presentation to return on equity or return on capital we are referring to ongoing business adjusted operating return on equity or capital, each of which is a non-GAAP financial measure.

So now that we have taken care of that, let's take a look at today's agenda. You will see that we will start with enterprise-level presentations and then we will transition into the business-specific discussions. In the business segments, you'll hear three things covered: the value proposition we are delivering to our customers, the initiatives to get to our 2018 goals, and the opportunity to work across our businesses to deliver more value to our customers and to grow.

You will see that we have built in a break into the schedule, as well as ample time for you to ask your questions and then at the end of the day, we will end with some cocktails together.

With that, let me turn it over to our Chairman and Chief Executive Officer, Rod Martin.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Thank you, Darin. I joined Voya in April 2011; Alain a week later. We began partnering with Ewout and what became our executive team to prepare the business and the balance sheet to go public.

In the summer of 2011, we did the things you would expect any new management team to do with that objective in mind. We reviewed the businesses, the products, the pricing. We spent time on the strategy, the capital, and in reviewing all that we assembled the band, if you will. We brought people together, the outcome of which were the 30 initiatives that we introduced to you focused on margin, capital, and growth, and ultimately we called our ROE walk, our return on equity walk, when we went public. Our plan was to improve our ROE by approximately 400 basis points from 2012 to 2016. As you know, we went public in May of 2013 and we have achieved our plan two years ahead of schedule.

In the fall of 2014 and the spring of 2015, we reassembled that band as we were beginning to ask and many of you were beginning to ask us what's next. That's what we are referring to as phase two.

During our fourth-quarter earnings call earlier this year, we announced an improved ROE target for 2018 of 13% to 14%. And this afternoon as you arrived, as we have continued that work in preparation of today and, frankly, launching this work, we have increased that ROE target by 2018, that target range to 13.5% to 14.5%. Also, our Board of Directors has approved an additional share repurchase authorization of $750 million.

Now executing phase two will help us do more for our customers as we help them get ready to retire better and for our shareholders as we deliver higher returns and free cash flow. Phase two will also help us achieve an aspiration of being one of the fastest and most agile companies in our industry, and this will help us naturally respond more quickly to market trends and ultimately to execute more effectively. That's why I'm pleased to be able to share with you today our forward vision and the state of our company.

There are three messages that we all would like you to leave with today in terms of themes for the meeting. One, that we have a strong and experienced management team that has executed on the IPO plan and objectives. Two, we have a team that remains very focused on execution. And, three, each of our businesses, as you will hear, has a strong value proposition on their own and together created a differentiated value proposition for Voya.

And as Darin talked about, you're going to hear much more from Alain, Charlie, Mike, and Jeff later this afternoon and we're going to have an opportunity to have a number of sessions with questions that follow. During my part of the presentation, I would like to focus my comments on two areas: first, how we have continued to deliver since our IPO and, second, how we are evolving to create more value for our shareholders and our customers.

We have made significant progress to date as a public company. Simply put, we have executed on the plan and objectives that we outlined for you in May of 2013. For example, we've generated excess capital and executed significant share repurchases.

As you may recall in May of 2013, we needed $600 million of primary capital when we went public. Since the IPO, we've returned $1.5 billion to shareholders. That capital generation has also helped our credit profile. Standard & Poor's, Moody's, and Fitch have all upgraded our ratings and at the same time our credit spreads have narrowed significantly.

We've successfully rebranded Voya Financial to our customers, our institutional partners, and our distributors. And we've got a terrific Board, independent Board with seven members plus myself.

We have created significant value for our shareholders. On the left side of the slide you will see our stock price has well more than doubled since we've gone public. As you can see, we've also outpaced the S&P 500 and our peers.

Looking at the right side of the slide, you will see our ROE has expanded more than our peers since 2012. And with respect to capital distribution, we've returned 16% of our market cap to shareholders since 2014. Now I've touched a bit on how we've executed since we've been public, most of which I think you are all familiar with. Now I want to take a minute to talk about how we are evolving to create greater value for both our customers and our shareholders prospectively.

We have an opportunity to grow individual retirement as those needs and demands continue to increase. Now you're all well aware of the challenges facing all of us as individuals: the fraying of safety nests, the low interest rate environment, the fact that people are living longer. This is all well chronicled, but at the same time individuals are expecting and demanding more from companies like ours.

They are seeking solutions that are mobile, digital customer experiences that are easy to implement and make it easy to measure and monitor their progress along the way. Our objective is to deliver solutions to customers how, when, and where they want to be served prospectively.

Voya is evolving to capture that opportunity by meeting those needs and demands. By 2018, with the customer clearly at the center, we will have a simplified IT infrastructure, advanced data analytic capabilities that will enable us to provide holistic advice and solutions to our customers.

Our ongoing cultural transformation has enabled value creation. As you may recall during our IPO roadshow, we talked about moving from a top-line-focused company to a focus on value creation. We have been enhancing value through a program that we call Continuous Improvement. It is a management system that provides us with both a common language and a set of tools to enable this outcome.

Continuous Improvement empowers our employees to solve problems in order to improve how we serve our customers and strengthen our relationships. In many ways, it is an approach or a philosophy that there is always a better way and it's all of our jobs to find it.

By the end of 2015, more than half of our company will have been through our Continuous Improvement training. And in my view, Continuous Improvement has been one of the key factors or key reasons that we were able to execute a four-year plan in two years. And it gives me great confidence as we look forward to our 2018 plan.

Now our key metrics remain the same: risk-adjusted returns, distributable cash flow, and sales at or above our targeted IRRs. So if we do all this, what will it do for our customers? Our customers will benefit from next-generation experiences and solutions. Voya will be positioned to be a lifetime partner with our customers, delivering simple, actionable, tailored solutions.

Ultimately, we aspire for our customers to enjoy an effortless experience, enabling us to connect with them how and where they want to be served. And that leads to the question: what will it do and how will it benefit our shareholders?

In our making a $350 million incremental investment, we will expand our ROE, accelerate earnings growth, increase free cash flow, and ultimately, enable us to have a differentiated value proposition. A value proposition, in my view, that will attract shareholders for the long term.

We have a management team that has executed on phase one of our plan very well. We are evolving to deliver greater value to our customers and our shareholders in phase two. I'm very encouraged about our success over the past two years as a public company and the last four years with largely the same team in place. We are excited to have you with us here today.

To learn more about our forward vision, let me welcome Alain to the stage.

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

Today I am going to expand on the forward vision by Rod. I am going to discuss three things: how we are using the same formula for success to establish and deliver on our 2018 ROE goal, how growth and margin initiatives will be key drivers, and how our incremental investments will improve our capabilities and efficiency.

We used our IPO blueprint to help us develop our 2018 ROE goal of 13.5% to 14.5% that we have revised upward and announced earlier today. The blueprint involved gathering key members and partners responsible for our phase one of our ROE walk. This is a team that has largely worked together for the last four years to get to this point.

And similar to what we did before, we undertook a rigorous process to position Voya for its next phase. We analyzed strengths and areas of improvement for each of our businesses and we set performance targets by business and by segment.

At the time of our IPO, what I really liked about our plan: it was entirely about execution. What I really like today about our plan is that execution is also key to reaching our ROE target. We once again grouped the initiatives into three categories: growth, margin, and capital initiatives.

Our business and functional leaders completed extensive preparation and analysis to identify more than 20 initiatives. We'll get into more detail into these initiatives shortly, but you should know this: each initiative has an owner, each initiative has clear targets, and each initiative is actively monitored and actively tracked.

So we used the same formula for the IPO to develop our plan. Let's now look at how our growth and margin initiatives will drive the next phase of our ROE improvement.

The majority of our ROE initiatives are concentrated in the improvement of our businesses. Therefore, it is important that we look at both our return on equity and our return on capital, because we do not allocate debt to each of our businesses or our segments. After additional analysis we expect our returns to increase from the goal that we provided in February. We now expect an ongoing business adjusted ROE of 13.5% to 14.5% and a return on capital of 11.5% to 12.5%.

Using the same IPO blueprint, we are confident that we have the right team, we have the right process, and we have the right initiatives in place to achieve our new 2018 targets.

We have clear initiatives to improve our return on capital. Our growth initiatives will be -- are expected to be the greatest contributor of ROC improvement, generating between 150 and 180 basis points of improvement. Key growth initiatives include expanding the distribution reach of our Retirement segment, continuing to grow our Investment Management business through capitalizing on strong investment performance, expanding midmarket and private exchange presence for Employee Benefits, and leveraging our cross-market relationships across Voya.

Our margin initiatives are still very significant and are expected to contribute between 50 and 80 basis points of improvement to our return on capital. Key margin initiatives include continuing to manage crediting rates, streamlining operations through process digitization, consolidating IT platforms, and migrating systems to cloud.

Our capital initiatives are expected to contribute between 40 and 60 basis points of improvement. We are very pleased with our sale of a block of term life last year that released approximately $200 million of capital and we will continue to pursue such opportunities to release capital in the future. What you can see is that we have kept our plan real-time, by factoring in the impact of the low interest rate environment.

All of the initiatives contribute more than 100 -- between 150 to 250 basis points of improvement to our operating return on capital. And that is after taking into account the headwind from interest rates that are expected to cost us between 70 and 90 basis points of return on capital based on the forward curve at year-end 2014. And while other companies may choose to dial-up risk in order to enhance the return, we have remained true to our risk appetite and we have chosen not to do so.

The incremental investments that we initially discussed in February will support our next phase of ROE growth and margin initiatives. I am excited to provide more details on these investments.

Our incremental investments of $350 million over the next four years will increase our growth and will reduce our costs. The incremental investments primarily consist of start up and development costs for initiatives related to IT simplification, digital and analytics, and cross-enterprise.

Our IT simplification will reduce costs, but also will be an enabler for the digital and analytics initiatives. These digital and analytics initiatives will enable us to grow faster and also to reduce our cost. Our cross-enterprise initiatives will help us grow by leveraging the strength and the enhanced capabilities of our ongoing businesses to deliver holistic solutions to our customers.

IT simplification is a strategic priority for us because it will be a key enabler. We have been reducing the complexity of our technology infrastructure that resulted from multiple large acquisitions, but what we are now doing is we're accelerating the simplification and this will enable us to do more with all of our businesses. We have an opportunity to integrate multiple data centers, servers, and a variety of administrative systems. By 2018 we will have migrated to a new, state-of-the-art cloud computing platform to simplify the management of infrastructure and to dramatically speed our time to market.

We will also have reduced the number of systems by about half. Consolidating some of these platforms, eliminating redundancy, and simplifying our workflow will reduce our operating costs. In addition, IT simplification will enable us to even better serve our customers by having a common and simple platform to address their needs.

Further developing our digital and analytics capabilities will help us become more efficient and grow. We have emerging capabilities that we can build on to ultimately deliver two things: an effortless experience for our customers and enhanced decision-making. From an efficiency standpoint, fully digitizing some of our processes will remove paper, will reduce error and cost, and will increase speed.

One example is our Individual Life new sales process, which is not an end-to-end digital process. While we have a front-end digital interface, we currently need to print out the customer-entered data to input into our system. Fully digitizing this process will allow us to realize cost savings to fulfill and process faster and, very importantly, to reduce mistakes.

Making the customer experience effortless gives greater confidence to our distributors and to our customers in choosing Voya as the premier retirement solution provider of choice. And this will ultimately enhance our growth.

Digital and analytics can also deliver greater insight to our customers to help improve their own decision making. Our MyOrangeMoney digital tool helps individuals better understand their retirement savings and income needs. And last month we added retirement healthcare cost modeling to the tool, a feature that was very well received by our customers.

We can also share this information with employers to help them understand the retirement readiness of the workforce. Providing these analytics and insights to our customers will help us become lifetime partners and grow the customer relationship as they grow. We have MyOrangeMoney set up on terminals outside of this room in the reception area. I invite all of you at the break to experience this dynamic tool which is available to over 3 million of our retirement plan participants.

Analytics can also improve our own decision making. For example, we are using analytics today to identify distributors who are aligned with us to help customers with their retirement readiness needs. We believe working with such distributors will improve our efficiency and will allow us to grow in the right places.

Our cross-enterprise initiatives are intended to leverage our capabilities and deliver differentiated solutions for our customers. And as Rod noted, individuals are facing increased challenges to be ready for retirement and are becoming more and more demanding in how they are being served. Charlie, Jeff, and Mike will provide examples of these cross-enterprise initiatives later in their presentations.

The key here for us is that we continue to change our culture to encourage and enable cross-enterprise collaboration. Such collaboration will ensure that we deliver a one Voya view to help our customers plan, invest, and protect their assets. By accelerating our IT simplification, by enhancing our digital and analytics, and by furthering cross-enterprise initiatives, we expect to deliver greater value for our customers and greater value for our shareholders.

To recap, we are using the same formula for success to improve our return on equity. Growth and margin initiatives will be key drivers of our ROE improvement and our incremental investments will increase our capabilities and our efficiency. Now that we are reaching attractive returns on equity, what we're trying to do is we're enabling our businesses to grow as fast as they can and in the same way as the first four years were all about execution, the next four are also about execution with largely the same management team.

With that, I will turn the discussion over to Ewout, who will cover capital generation and management.

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Good afternoon, everyone. I would like to discuss three key topics. First, the opportunity we have to continue to grow the free cash flow conversion in the future over and above the current target range of 60% to 70%.

Secondly, that we are planning to actively continue returning capital to our shareholders in a value-enhancing way and in the near future we believe that is done through share repurchases. And, thirdly, that the element that is still most misunderstood about Voya is the quality of the operating earnings and we believe that provides clear potential for the future.

Let's first have a look at the underlying model underneath our plan. As we have already announced, we will make an investment of $350 million. Acceleration of these investments will happen in the second half of this year, approximately $50 million to $70 million. The peak of the investment is in 2016, and then we expect it to level off in 2017 and 2018. So in other words, the investments will be more front-end loaded.

For transparency reasons, we will report those investments in the corporate segment so that it's easy to track in 2015, 2016, and 2017. In 2018, though, we are planning to report those investments back in the business segments. So in other words, the ROE increased target of 13.5% to 14.5% will fully include the $60 million to $80 million of investments in 2018.

Where will we spend that $350 million? The majority we will spend in building out our digital and analytical capabilities. Also, a large part will go towards the IT simplification and then the remainder we will spend on the cross-enterprise initiatives.

We also wanted to show you a little bit of the underlying assumptions underneath our plan, and these assumptions are very similar to the assumptions we have presented to you at the IPO. Equity market growth and appreciation of 7.5% annually and that excludes dividend income.

With respect to the interest rate assumption, we are planning to follow the forward curve. That's the forward curve as of the end of 2014, but that's very similar to the most recent forward curve. That forward curve is saying that the 10-year Treasury at the end of this year is approximately 2.5%, growing very slowly 2018 to a level of approximately 3% - a very flat forward curve.

Leverage ratio still 25% or less. In terms of the capital needs of the ongoing business, we expect a slight increase driven by the volume effect in our Retirement business. And then, with respect to the effective tax rate, the 32% effective tax rate assumption which you have recently announced.

Alain was speaking about the negative headwind in terms of ROC of 70 to 90 basis points coming from the rate environment. And that is again following the forward curve, that our reinvestments are done at a level lower than the current portfolio yield. We also wanted to show you the effect of a low-for-long scenario. This scenario means interest rates staying flat; let's say the 10-year Treasury at a 2% level for the next couple of years.

The effect will be the following. In terms of operating earnings, negative impact of 1% growing to 5% over the next few years, and in terms of RBC ratio, a negative impact of 10 percent points then growing on a cumulative basis to 60 percent points - RBC percent points - by 2018.

You could say these effects are rather mitigated. And why is that the case? That is really driven by management actions we have taken over the last few years. We were already shifting in our product mix over the last few years to less rate-sensitive products, indexed individual life products, indexed annuity products, as well as lowering the guaranteed minimum interest rates in many of our contracts.

What we are not planning to do, though, is to lengthen the duration of our asset book over and above our asset liability models or to take on more credit risk, because in the current market we don't believe that you economically get compensated for that. So we will stay very true to our risk appetite and our risk tolerance levels.

As you are aware, we have a stated objective in terms of free cash flow generation of 60% to 70% for this year and free cash flow generation means GAAP operating earnings after tax translation to free cash flow. And that is then after holding company expenses.

You see in terms of the segment contribution on the high end we have the Investment Management business as well as the Employee Benefits business. And Employee Benefits is mostly driven by the one-year nature of that business. Then on the other end of the spectrum, 40% to 50% coming from Annuities and Individual Life, driven by the new business strain of those businesses. And in between, 65% to 75%, that is the contribution from Retirement and that is really the mix of, on the one hand, the fee-based business in Retirement, and on the other hand, the guaranteed business.

So that brings in total the free cash flow conversion for the ongoing business to a range of 75% to 85%. Let's now start to layer in the effect of the corporate segments as well as the benefit of our deferred tax assets.

If you look at Corporate, this is mostly the interest expense on our debt structure, some pension contribution, and some other small elements of other closed blocks. You see that is a negative 20% to 30% this year, coming down to a negative 15% to 25% by 2018. It's coming down because the corporate expenses will stay flat over this whole period and then over a larger earnings base the negative impact in 2018 will be smaller.

In terms of the benefits coming from our deferred tax asset position, this year a benefit of 10% to 15% growing to a benefit of 20% to 30% by 2018. This year is negatively impacted by a one-year element and that one-year element is a settlement we had to do in the first quarter of this year with the IRS and that was triggered by the sale of the Individual Life block in the second half of last year that created a tax liability.

The holding company was already compensated for that through the tax utilization payment from the operating entity in the fourth quarter of last year, but still had to settle with the IRS in the first quarter of this year and it was at the level of $70 million. So there was a one-time effect.

If you take that one-time effect out, the effective underlying benefit from our deferred tax asset position will be more than 20% to 30%. So in other words, you see here in total a conversion level of 60% to 70% for this year, but we have the opportunity to drive that up in the future in 2018 to a level of 80% to 90%.

As you know, the capital position of the company is strong. You see here a pro forma picture as of the end of May is updated for two particular elements -- two particular developments. The first is that we have received ordinary dividends from the operating entities to the holding company in May at a level of $819 million. And that, secondly, we have been active with share repurchases in April and May and we bought back for level of $72 million, which brings the total capital we have returned to shareholders in 2014 and the first five months in 2015 to a level just over $1.5 billion.

If you now look at the current capital position on the pro forma basis at the end of May, we still have an RBC ratio close to 490%. The excess capital is still $1.15 billion and you see here the total share repurchase authorization we have as of today, including the new authorization level of $750 million. So the total capacity we have today is slightly over $800 million.

How are we going to deploy this excess capital going forward? We are considering all elements: dividends, bolt-on M&A, as well as share repurchases. For the foreseeable future, we have made an explicit choice to continue with share repurchases given the valuation of Voya today and especially that our price-to-book value is still below 1.

When we are on the road and we are meeting investors all around the country very often a question comes up, and the question is: two years after the IPO, what is still the most misunderstood item from Voya? And my answer is always that is the quality of our operating earnings that is, in our belief, still misunderstood. And let me try to elaborate on that.

Let's take the share price of Voya today $45. Let's start to deduct the value of our Closed Block Variable Annuity, the value of our deferred tax assets that's based on the analysts' consensus. Then we take out on a dollar-for-dollar basis the excess capital with some adjustments and then we come to a value for the ongoing business per share of approximately $32.

Then if you look at the EPS estimates for Voya, and that includes by the way the corporate segment, so it includes fully the strategic investments. Then it translates in the price earning multiple of approximately 9.5. 9.5 for a business that contains 75% of the earnings, Retirement and Investment Management, and has no contribution at all from Variable Annuities. Again, no Variable Annuity contribution and 75% coming from Retirement and Investment Management. So 9.5 in that light is relatively low, certainly if you compare it to some of our peers that have similar profiles.

You can also look at this in another way, on the price-to-book basis. Here you see the classical regression line. The ROE just over 12% for the ongoing business, the book value is the book value we report, what we need to run the ongoing business, and the price here is even further adjusted.

What we have done we have further adjusted from the excess capital the full $350 million of our strategic investments, so you could say very conservative view. And on that very conservative view basis you see that Voya, with respect to the ongoing business, is clearly below the regression line. Hence, there is here potential and opportunity to see us growing to and ultimately over the regression line, given the quality of our business. And again, 75% of the earnings coming from Retirement and Investment Management.

So overall, in conclusion, we have an opportunity to grow our free cash flow conversion levels in the future over and above the current level and target range of 60% to 70%. We will actively continue with return of capital to our shareholders and we will do that in the most value-enhancing way. In the near term we believe that is achieved through share repurchases. And the element that is most misunderstood about Voya is the quality of the operating earnings and we believe that provides clear potential for the future.

Thank you so much for your attention. Rod and Alain will join me here on stage and we are very happy to take your questions.

QUESTIONS AND ANSWERS

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Thank you, Ewout. Just as we are getting set up here for the Q&A, I ask you -- anyone asking a question we ask you to do two things. First, please wait for the microphone to ask your questions so that those people on the webcast will be able to hear it. And then, second, please state your name and your company affiliation. Thank you.

Suneet Kamath - *UBS - Analyst*

Thanks. Suneet Kamath, UBS. Question on the $300 million, or I guess it's now $350 million. What is the related expense savings associated with that program?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Suneet, on a net basis, we expect the expense savings in 2018 to be $35 million and to see that growing in the years afterwards. That is built up in two elements. We expect savings of $65 million and then additional recurring expenses related to those initiatives that will increase the expense base by $30 million for a net $35 million expense reduction. And again, that is at the point in time in 2018 we expect to see that going up in the years afterwards.

Suneet Kamath - *UBS - Analyst*

Okay. Then on the debt to capital, you are still targeting this 25% and you are quite a bit below that, so I guess what are the plans to take the debt to capital higher? Because I don't think you have any intentions on issuing debt or levering up. So can you just talk about that disconnect?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

First of all, we are in such a good situation in terms of capital and liquidity that there is no need to raise more debt, so that is the first observation I would like to make. Secondly, we like strategic flexibility, which means if we find other opportunities with respect to, for example, an Individual Life block or the opportunity to buy back our shares. Those opportunities will drive up the leverage ratio by itself, so we like to have room between where we are today and the 25% in order to really have possibilities to take some of those management actions. So in other words, we have no plans to raise additional debt at this point in time.

Suneet Kamath - *UBS - Analyst*

So could we think about one of those possibilities being a potential charge related to the Closed Block VA, which would essentially reduce equity and take up the debt to capital?

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Suneet -- and we've shared this with all of you on a regular basis -- we are continuing to manage that closed block very aggressively. We have done a number of enhanced annuitization offers. We are participating actively in the marketplace in terms of all ideas.

I think as the economy continues to improve and interest rates rise, there is likely to be other alternatives. We've talked about the potential of pieces of that block. We need to remember it's a $40-plus-billion block, so the likelihood of a single transaction is, in all probability, not likely. But we have urged you all to not think about a closed block as passive management. I have used those words on a number of different occasions.

We were very deliberate, very thoughtful, and very purposeful when we took the charge that we did in 2011 to make sure that at the time of the IPO we had hard assets against it and we had a plan that we knew we could live with for the duration. That said, we are always looking for potential and opportunities to release capital sooner if it's economically sensible for Voya's shareholders.

Suneet Kamath - *UBS - Analyst*

Thanks.

Erik Bass - *Citi - Analyst*

Erik Bass, Citigroup. Just on the 2018 free cash flow projections, are you assuming any benefit from the Closed Block VA at that point? Because I think that's about that five-year period. And if not, would that be a potential source of upside?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Erik, in the numbers I showed to the audience today, these are numbers that exclude the Closed Block Variable Annuity for all of the years, so there has not been inclusion of any potential capital release from the Closed Block Variable Annuity.

You're right that we have always been very conservative in terms of our statement when capital can be released. At the IPO we said five years, so that will be three years from today. And the reason we are saying that is that we really want to make sure that the block is stable, that the potential range of outcomes is narrow enough that we never are in a situation that we take capital out and later have to put that back in again.

So continue to see us very prudent in terms of the approach with respect to capital release from the closed block and that it will be further out in the future. And all of these conversion ratios is all coming from the ongoing business as well as from the corporate segment and the deferred tax asset position.

Erik Bass - *Citi - Analyst*

Got it. So when you are showing the corporate and closed block drags, that's just -- it's the non-CBVA closed blocks?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Yes, those are the other closed blocks. Good question.

Yaron Kinar - *Deutsche Bank - Analyst*

Thank you. Yaron Kinar, Deutsche Bank. Couple of questions.

One about the strategic investment of the $350 million, I think you have laid out a pretty clear picture of the expenses. Could you talk a little more about which segments we would be seeing the benefits from? And also maybe talk a little bit about when we should expect these benefits coming in. Is it a mirror image of the expenses or is there another timing framework that you could provide?

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

I think if you are asking the question regarding the timing on when the benefits come, I'm not sure we're going to go that granular in it. In terms of the benefit to our businesses, all of our businesses will benefit from it, in particular our Retirement business, our Annuities business, and our Individual Life business.

When we think about IT simplification, this is largely the businesses that where simplifying the infrastructure will get meaningful benefit. And the digitization will help us in all of our businesses, and in particular the Retirement business and how we go to market and the value proposition we offer to our customers.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

We are going to have -- and I know you are anxious to get to it -- the businesses present to you and we will have an opportunity at the end to have another question-and-answer period. So if we don't get to that level of detail, we will make an attempt at the end of the day to more completely answer.

Yaron Kinar - *Deutsche Bank - Analyst*

Thank you. My second question is you mentioned bolt-on M&A and I'm just curious are there areas within the franchise today that you feel like would benefit from such deals? Are there any particular things that you have in mind when you talk about bolt-on M&A today?

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

What is important to know is that we don't need to make any acquisitions to achieve our plans. However, there could be some bolt-on acquisitions that will allow us to accelerate our plans or enhance them in areas that are primarily fee income areas, so in some certain capabilities in our Investment Management business. Also, there could be some capabilities from an IT point of view, but these will be minor bolt-on acquisitions.

Yaron Kinar - *Deutsche Bank - Analyst*

Thank you.

Jay Gelb - *Barclays Capital - Analyst*

Jay Gelb, Barclays. I wanted to try and level set the corporate line. If that has been running annualized at around $192 million annual expense, with the increased investments should we expect that to go up materially over the next few years?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Jay, we have clearly a philosophy that we want to keep our corporate segment very clean, so we're not holding any particular expenses in general in our corporate segment. We are pushing out all of our expenses to our businesses and to our profit centers.

So with respect to these strategic investments, we make a very explicit choice to do that in a different way. This is for transparency reasons so that you can track and monitor how we are doing with that $350 million investment, as well as you can continue to monitor and track how the underlying performance of our businesses is evolving over the next three years. Because otherwise that will be masked by those investments if you would push that out immediately.

As I said in my prepared remarks, we will report those investments again back to the business segments in 2018, so those ROEs, the 13.5% to 14.5%, will fully contain those investments by 2018. So except for these strategic investments over the next few years, there shouldn't be any further increase of the corporate segment expenses and other results on that particular line.

Jay Gelb - *Barclays Capital - Analyst*

That will run through operating earnings, though, through 2017, right?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Correct.

Jay Gelb - *Barclays Capital - Analyst*

Then on the share buyback, I know it was a big first quarter for buybacks of around $631 million and you mentioned the additional level of buybacks in 2Q. Should we be thinking about a low level of buybacks for the remainder of the year, given the activity in 1Q?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

We're not going to specifically comment, Jay, as you understand, on the timing of the buybacks. The authorization we have received from our Board expires the mid of 2016. We have the $800 million of authorization in total. We have a lot of liquidity at the holding company, so we will use this over the whole period of time, whatever is the right moment and where we see the opportunities in terms of market developments.

We could clearly, of course, accelerate the buyback in the first quarter of this year with the last tranche or sell-down by ING Group. But we will continue to be active in the market, but we don't want to give a particular pattern or an indication how we will divide that over the next few quarters.

Stephen Gavios - *Jennison Associates - Analyst*

Stephen Gavios, Jennison Associates. I think we are all pleased to see the incremental addition to your ROE targets for 2018. But I'm wondering if you can give us some color. So relative to the targets that you laid out in February, what is it that has changed and what have you seen differently that you are seeing an enhanced outlook at this point?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Let me start and then Alain can add. I think, Stephen, this is purely based on further development of our models; more granularity, more detailed modeling, and planning. In February it was more high-level, top-down targets we were expecting for each of the initiatives. This is now supplemented by a lot of bottom-up work that has been done and that has given us more confidence that we could reset those targets at higher levels to that 13.5% to 14.5%.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Just if I could add something that Alain said, we have approached this with the same methodology and, frankly, the same process that we did on the original ROE walk. And we needed a little more time between where we started last September to the end of the year.

We well understood and knew we were having this meeting today. We have had some critical meetings with our Board, as you would expect, to more fully and granularly go through that conversation. That time enabled us to get more comfortable and confident about the outcome and, frankly, to be able to share that with all of you here today.

Eric Berg - *RBC Capital Markets - Analyst*

Eric Berg, Royal Bank of Canada. Irrespective of whether these $350 million of expenses are one-time or recurring and irrespective of where you are going to be reporting them, whether they are in or out -- I view that as kind of a geographic issue. Because these outlays represent real cash expenditures, economics to the shareholders, shouldn't they be considered, all of them, part of the calculation of the ROE right as they are incurred?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Eric, I very much agree with you. This is real investment. This is a real cash out, so each of our initiatives we take through extreme rigor internally and each initiative needs to hit certain return levels. Otherwise we would not make those investments.

The fact that we report this, I fully agree with you, in the corporate segment is purely geography. This is purely to create transparency, but that doesn't say anything about the economics. From an economic perspective, this is fully to be incurred by the company and we need to hit the return targets.

You can track this; you can monitor this; you can put this back. We will give you all the details and so you can really assess if the developments are going in the right direction, as we have explained to you today.

So I very much agree with you; it fits all of the economic requirements and this is purely done for transparency reasons. And this is purely reporting geography that you can follow again the underlying developments of the businesses themselves so that they are not masked by those investments, as well as that you can follow how we are tracking against that budget of $350 million.

Steven Schwartz - *Raymond James & Associates - Analyst*

Steven Schwartz, Raymond James. Ewout, do I understand the lower-for-longer impact of rates correctly? You are suggesting, all else equal, that that will grow. If I was to look at 2018 and assume that earnings were going to be X, at lower-for-longer would mean it was 0.95 times?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

That is the correct interpretation, yes.

Steven Schwartz - *Raymond James & Associates - Analyst*

Why does that grow over time?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Why is that? Because every year we reinvest approximately $6 billion to $7 billion of our general accounts, which is close to $80 billion. So those investments are being reset at lower interest rates than our portfolio.

The current portfolio yield is approximately 5%; new money rate today is approximately 4%. So every year we have more investments we have to reset at those lower levels, so very gradually you see the bleeding in of that negative interest rate effect.

Of course, we are offsetting that by reducing our crediting rates and other actions we are taking, but over time you see that affect growing of the low rate environment.

Steven Schwartz - *Raymond James & Associates - Analyst*

But that sounds to me like a cumulative effect. If it's 2017 and we're all making our earnings estimates, the drag would be what v. 2017? Is that correct? Five v. 2017?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

If we would have expected an operating earnings of $100 million in 2015, we now expect it to be $99 million. If it is 100, 99 in 2015, so 1% lower. It will go up over time, let's say, 120 by 2018 and now you have to do 0.95 times 120 as the earnings impact in 2018. That is how you should see it.

Steven Schwartz - *Raymond James & Associates - Analyst*

Okay, I got it, thanks.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

We have time for one more question and then we will be back.

Tom Gallagher - *Credit Suisse - Analyst*

Thanks, Rod. Tom Gallagher, Credit Suisse.

Going to your free cash flow slide, I guess the question I have here is looking at Annuities and Individual Life being, we will call it, sub 50% on average, what are your thoughts for either further deemphasizing those businesses, putting them to run off? And a related question, is your real governor here free cash flow or is it ROE?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Tom, that's a question where there is not one straight answer, because you have to take into account multi-dimensions in order to come to your management judgment calls. First of all, these free cash flow conversion levels are very sensitive for volume as well as for your business mix you are selling. This assumes certain volume and certain business mix, so we might constrain certain volume and sell certain products that are less capital intensive. So that's the first.

Secondly, everything we sell today and in the future will hit our hurdle targets. So the internal rate of return might be fine. It might be a negative in year one, but it might create additional returns in year two, three, four and so on. So there's also the timing element that it might be a negative in terms of ROE and ROC today, but it might help your ROE in the following years.

What you should see is that we, as management, will be very granular in terms of how we are going to set targets, what we expect those businesses to deliver, and what kind of volumes in terms of new business, as well as product mix, what we will sell. But, overall, we feel that in this combination this could be attractive businesses that are part of Voya because of the return on equity, the return on capital, and the IRRs we can make with the new sales.

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

Tom, that's a very important point. The 2018 targets, both from an ROE, from a free cash flow are a point in time. It is at that time based on a business mix expectation in our Annuity business as to what the free cash flow can be and also what our ROE can be. Over time it doesn't mean it stays at that level.

Tom Gallagher - *Credit Suisse - Analyst*

My next question is on the -- the ROE goals that you're putting out are based on 25% debt-to-cap levels, but part of the reason why you are much lower than that today is the DTA write up, which I think we'd all agree is not real equity. It's probably an overinflated assessment of equity, because it's not a net present value concept.

Do you make some adjustment for that or do you still just stick to the nominal 25% debt-to-cap and believe that's the right metric to use?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Tom, we are very confident that the way how we calculate this is the correct approach. I would like to point out that we are very light in terms of intangibles on our balance sheet, so I think that is one element. There are many other companies that have significant DTA positions, so I would say we are very similar to some of our peers.

And, thirdly, you have also to take into account that we have a debt structure that includes the whole company, including the Closed Block Variable Annuity. I remember at the IPO many of our investors said, so a part of your debt structure you are basically covering also your Closed Block Variable Annuity. If we look at our current debt-to-capital ratio we think to be below 25% is a good thing, because you could say you run at 25% for the ongoing business and you run at a lower level for the closed block. And that is probably very appropriate.

In other words, we feel the way -- how we calculate this and where we are today -- that it is very appropriate.

Tom Gallagher - *Credit Suisse - Analyst*

Okay, and then my last question. The corporate and closed blocks loss in the cash flow conversion going from 20% to 30% to 15% to 25%; I think you have had over the last few years some contributions for CBVA. Is there any going forward loss or contribution to CBVA that is contemplated in that number?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

We have not made any contribution for CBVA in the past, except for some rebalancing we have done and this is a bit of a technical matter. Some part of the economics for the Closed Block Variable Annuity is showing up in the entity that is domiciled in Iowa, but in fact the economics belong to the reinsurance captive that is domiciled in Arizona. So we had to make a shift of some of that benefit in 2014 that was based on the excess economics that happen in 2013 that had to shift and stay with the closed block.

We didn't have to do this at the beginning of this year, but that might be the only reason that in the future there might be some shifts. In the numbers we have presented to you that is not taken into account. In other words, if there might be a benefit then, on the one hand, it will show up in higher RBC levels in Iowa, but then we will transfer that to CBVA. So I'm confident that what we have shown to you is really neutralizing for any CBVA effect.

Tom Gallagher - *Credit Suisse - Analyst*

Thanks.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Thank you all. We will be back later after the other presentations. We appreciate it.

PRESENTATION

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Thank you, Rod, Alain, and Ewout. I'm actually going to ask Alain to stay on the stage with me. Alain is also the CEO of our Retirement and Investment Solutions business, so Alain will cover the Annuities segment and then turn it over to Charlie Nelson, who is the CEO of Retirement. When Charlie is done with his presentation, he will take your questions.

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

Before delving into the Annuities segment I wanted to comment about the organization realignment that was announced in April. We brought Retirement, Annuities, and Investment Management closer together to form Retirement and Investment Management Solutions, which aligns well with our cross-enterprise initiatives. We are working to identify areas where we could better share our resources and pursue customer solution opportunities.

In addition, we are focused on increasing our fee income across the board. So coordinating our effort in our largest fee-based businesses will be an important step to achieve this.

Now let's focus on our Annuities segment and how our Annuities segment has proven to be a dependable solutions partner for a diverse distribution network, how enhanced product solutions drive our return on capital, and how we are positioned to meet the income needs of customers.

The Annuities segment has diverse distribution that is leveraging an expansive product portfolio. It is an important contributor to our retirement-ready mission. It accounts for 17% of our earnings. We are a scale player with access to a diverse network of 160,000 advisors.

Our comprehensive set of solutions enables us to do two things: to provide our distributors and partners with different compelling annuity options and to finely target customers with certain tax-deferred planning and investment needs depending on the customer's life stage, depending on the customer's risk tolerance, and retirement income goals. Our customers have entrusted us with approximately $27 billion in assets under management spanning 400,000 policies.

We are focused on the fastest-growing areas of the annuities market, as indicated by industry growth rates shown on the left bars of the graph. Reflecting this strategy, we have positioned our core solutions to consist of fixed indexed annuities, single premium immediate annuities, and mutual fund custodial products, while running off low return blocks including annual reset and multi-year guarantee annuities.

We have also deemphasized fixed annuities which have been broadly affected by the low interest rate environment. And as you know, we no longer sell variable annuities with living benefit guarantees. Our annuity solutions enable us to meet a wide range of customer planning and investing needs and to continue on our trajectory of profitable growth at attractive returns.

Distributors and customers want to partner with Voya because we offer the combination of high-touch service and comprehensive solutions. We use a hybrid internal and external wholesale model to serve our distributors, which differentiates us in several ways. Our wholesalers are primarily internal, and while the internal wholesalers have the traditional role of supporting external wholesalers, they also directly support local advisors without any external wholesaling involvement.

Leveraging in-house analytics already in place, we have a robust distribution relationship management tool to efficiently drive the activities of wholesalers. We crafted this model to allow us to cover more geography, to provide additional pre-sale, point-of-sale, and post-sale touch points with reps; to devote more time to educate and support reps through tools; and to minimize our dependence on a single channel. We further support our distributors with a comprehensive range of annuity solutions, and this enables our reps to best serve our customers by addressing different saving needs and different risk tolerances.

Finally, Voya's long-term and consistent commitment to the fixed indexed annuities market has helped us establish a reputable brand and strong distributor relationships, both of which are difficult to replicate. Our market staying power provides our distributors with confidence in our after-sales support.

Our high-touch service and support-driven value proposition has helped us significantly grow and diversify our distribution network. Two years ago our distribution model depended almost completely on national marketing organizations distributing nonregistered products through four primary channels: independent agents, independent broker-dealers, Voya Financial Advisors, and banks. Since then, we have added a dedicated external wholesale team that enables us to directly distribute registered products as well. This gives us access to firms that we previously could not reach and it also deepens relationship with distributors who previously only sold nonregistered products.

As important, our expanded wholesale capabilities have played an integral role in helping us execute valuable strategic alliances such as the one with Allstate. And today our diverse distribution network includes an independent agent channel, which relies on national marketing organization to access 45,000 independent insurance agents; an institutional channel that provides access to a nationwide network of independent broker-dealers; strategic alliances such as the one with Allstate; a closely-aligned strategic and affiliated channel that leverages Voya Financial Advisors; and a bank-based institutional channel.

Having highlighted our businesses and our value proposition, let's now go through key drivers behind our return on capital targets.

The return on capital in our Annuities segment has come a very long way, rising from 3.3% in 2011 to 9% in 2014, or 8.6% when you exclude items that we do not expect to recur at the same level. We are targeting a return on capital of 9.5% to 10.5% by 2018, which will be driven by a combination of growth and margin initiatives. Further expanding distribution relationships and our product set represent our primary growth initiatives. Proactively managing crediting rates and investment spreads and running off certain capital-intensive legacy blocks will be our key margin initiatives.

I do want to point out that upfront product growth may initially temper return on capital growth but return on capital will rise and catch up in the long term, in line with the last question that we had. Enhancing our annuity solutions lineup to emphasize higher margins and fee-based income with lower capital requirements will be key to driving our long-term return on capital higher. In particular, we are focused on developing attractive indexed annuity offerings and investment-only solutions that meet our evolving customer needs.

Let's now look at how Annuities fits into our broader Voya enterprise and the opportunities to deliver joint solutions.

At Voya Financial, we are helping customers plan, invest, and protect their retirement. Specifically for Annuities, we help customers invest and grow their savings tax-deferred, and we protect them from outliving their assets by offering income-generating solutions.

Annuities has many opportunities to work across Voya to deliver solutions jointly. These solutions can be delivered to individuals, which can be the same individuals that might be customers of our Retirement, of our Investment Management, of our Individual Life, or our Employee Benefit segments. The distribution for Annuities also intersects with retail intermediary distributors across three out of our four other segments: Retirement, Individual Life, and Investment Management.

And we are only at the beginning stages of getting our businesses to work together. Working together would allow us to leverage our expertise across businesses. Ultimately, it will enable us to generate solutions that better meet the needs of our customers, many of which we share in common. In addition, working together will help us more efficiently partner with our distributors and deliver an effortless experience.

Charlie, Jeff, and Mike will also show how they have opportunities to deliver solutions jointly, to address common markets, and more efficiently partner with our distributors. And they will also address how their businesses help our customers plan, invest, and protect their retirement.

There is an increasing demand for lifetime retirement solutions, driven by aging demographics, by rising healthcare costs, and by continued phase - out of defined benefit plans. And Annuities can play a key role as part of any joint retirement income solution.

Here we outline a potential package solution combining single premium immediate annuities with the Target Payment Fund in our Investment Management segment. It will be offered exclusively through MyOrangeMoney as an integrated, joint income solution. This package solution offers guaranteed lifetime income, which is provided by the single premium immediate annuity, with flexibility to balance personal liquidity and income growth potential through the Target Payment Fund.

And to the extent that there are residual funds that are available, beneficiaries can access that money. The package solution addresses middle-market customers who need a simple income solution at retirement as they look to convert over some of their retirement savings. To recap, our Annuities segment has proven to be a dependable solutions partner for a diverse distribution network. Our enhanced product solutions will drive our return on capital and we are positioned to meet the income needs of our customers.

With that, I will turn the discussion over to Charlie, who will cover our Retirement segment.

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

Good afternoon. My 32 years in financial services and in retirement has provided me a deep understanding of the business, as well as the competitive landscape. I chose to join Voya because of the dramatic transformation we all have witnessed over the last number of years, as well as the untapped opportunities for success and growth.

Voya has many, many competitive advantages, many of which we're going to hear about this afternoon, as well as some key ones in the retirement marketplace. I'm going to focus on three competitive advantages that drew me to the organization. First, the strong and experienced team of individuals; second, the strength and diversity of our Retirement business; and, third, the breadth of solutions and capabilities across the entire enterprise.

Now I have been with Voya for a little over a month and I have found validation of these numerous strengths and I would like to share with you how many of these strengths play a huge part in our growth plans for the future. We have three key themes that frame our retirement growth story.

Improving retirement incomes for individuals is central to becoming retirement-ready. The industry has not made this easy. Matter of fact, it's been a bit cumbersome and complex for individuals. I am going to share with you today how we have simplified retirement readiness for all working Americans. We are also going to discuss our growth initiatives and how they are designed to drive our ROC expansion. Finally, I'm going to cover the nexus of how our Retirement business and the broad solution of capabilities throughout the Voya enterprise can be leveraged.

I mentioned in my introduction the strength and diversity of the business as being a very attractive feature. One of the things that is happening in the retirement marketplace with all of the retirement provider consolidation is that plan sponsors are concerned with advisors about the commitment and the financial stability of the providers that they are ultimately picking through a bid or an RFP process. It's very common these days to get questions about your commitment and your financial stability.

You've seen from Rod and Alain the financial strength at the broader organization. Our Voya Retirement business was $550 million of the trailing 12 months' pretax operating earnings is one of the strongest financial retirement enterprises in America. From a diversity of business perspective, we have not only scale, but a diverse group of businesses.

On the corporate sector, the 401(k), if you will, tax-exempt covering education, healthcare, and our state and local government business. Inside of those major segments we have sub-segments that make this business extremely strong and unlike many of our competitors. So we operate from the small, mid, large, all the way to the mega in each one of these, whether it's corporate or our tax-exempt, government, hospital and education.

That is all complemented by our broad and strong Voya Financial Advisors, the 2,600 financial advisors across the country. In essence, as many of our competitors can serve -- they serve maybe just the large market or just the small market or one or two segments in between. One of the unique characteristics of our organization is that as one of our employer clients grows their business, they can grow with us. And we are well positioned to provide them with industry-leading solutions.

Voya has strong market share and upside profit potential. On this slide you see the various market segments, corporate being the 401(k) in particular, and then you see in the second column our Voya Financial share of industry DC assets. Across each one of these segments in the DC market we have a strong position.

The third column is what would be referred to as the total assets in each of these segments in the entire industry for providers, so the small market represents 23% of the total US defined contribution market, for example. The fourth column represents the profit pool.

Now, Sterling Resources is a firm that many retirement providers provide our financial data to and they blindly kind of take it as well and provide information back to all of us on benchmarking on expenses, revenue, and profitability. So they have insight on an industrywide basis on the total profit pool for retirement providers. And I think one of the common misperceptions is that each market segment has the same level of profitability.

You can see here the small end of the market, although it only represents 23% of the total assets, can garner up to 41% of the total profit potential in the marketplace. As we look across our businesses in each of these segments, we are committed to each one of the segments and we are committed to each one of them to grow. They all have profit -- they have room to grow and room to grow in profitable segments.

Now I would like to share with you four ways we're going to make it simpler to become retirement-ready. First is the ease of access: access to guidance, advice, and planning services. We offer this in a multichannel approach both digitally, through the phone, with affiliated, and even with some non-affiliated advisors.

Unlike many of our competitors, we can provide this guidance advice and planning services in a multichannel venue. Our expansive footprint across all 50 states allows us to serve participants in many of the communities in which they reside.

Third, employers aren't looking for a solution just for the highly compensated or the high net worth individuals. They are looking for a solution for their entire workforce. Our offering is agnostic to age, wealth, and income.

And, finally, one of the key advantages to our scale and our ability to operate and from the small, mid, large all the way to mega segments is our ability to take advancements and the capabilities that we have in one segment and transform them and make them available across the multiple segments. That scale allows us to continue to be a provider of choice in each one of these segments.

One way we are disrupting the market is with our transformative new digital experience. Now that is providing access to guidance, advice, and planning services on a digital basis. I think we all can appreciate that Americans are shouldering more responsibility to plan and create retirement income, and that is a daunting task for many individuals.

The current method in the industry, or most prominent method in the industry, is for an individual to get their account balanced. And maybe there's a calculator online that they can go and manually input some of their information and they have to gather information from multiple sources. If they are lucky, they can then walk down to the HR department to potentially implement something or take a form out, fill it out, and send it into their provider to take action.

We are transforming this experience by creating an opportunity on a digital basis with MyOrangeMoney and it transforms this experience. Americans process in monthly terms a lot of our financial means, whether it's salary, whether it's our rents, our mortgage, our car payment; those types of things. We have taken this behavioral science lesson and have applied it to our MyOrangeMoney to be able to translate someone's account balance into something tangible that they can put their arms around and they understand how it's going to translate into a sustainable stream of lifetime income.

If you look at this upper right-hand corner, this is from our retirement website where it automatically feeds from the account balance from their program. In the upper right-hand corner, you see it on your page, it says your total portfolio for this participant is $64,000. On the left on the dollar -- on the left of the big dollar in the middle of the page here you see how a participant can see their Orange Money.

The orange component, the biggest component, is their workplace savings, 401(k) or a 403(b). It can also have the ability to draw in someone's pension as well as they can input outside assets as well. Those would be the two smaller orange slivers there.

The yellow represents how much they can expect as an estimated benefit from Social Security. It is fascinating when you kind of take a look at these components; historically people just look at one piece. We have transformed this by bringing it all together so they can see it in one place.

Now this particular participant has $4,031 that they are on track to receive at their target retirement age, but they are short about $4,700. We have people dialed in to our Investor Day here on the web. They're not going to be able to see this next animation, per se, but it is -- you can download it on the website after our presentations today.

But for the people here locally, you can see how a participant can engage. They can take and change their savings rate from 3% to 10% and it changes the Orange Money. They can see additional, but they are still short so they need to change potentially their retirement age from 62 to 67 and that changes Social Security obviously, the benefit that they can receive there.

In addition, we have engaged participants to be able to take action with the Make Change Now button. By simply making that change now, they can have their salary deferral change implemented with their payroll department and their employer. It really transforms the process, which historically and currently for many providers has been very manual.

We started rolling out this MyOrangeMoney July through September of last year and I think as Alain said, we've gotten through -- most all of our clients have adopted it and we're in the process of rolling it out further. We've tracked the individuals that have gone on and looked at the MyOrangeMoney on their page, and you know what's fascinating? 56% of participants that have gone on to MyOrangeMoney have engaged with it; 23% took action.

So 23% of the people that engaged, they moved the sliders, 23% took action. And of that 23% we have seen people's average savings rate go up by 9%. So in a very short time period, we are seeing dramatic change. In short, this tool drives improved savings as well as improved retirement income.

Now Chris Lange, our Head of Digital Experience, is going to be in the back and I strongly encourage after the session or during the break to take some time with her and her associates to see firsthand and up close and personal how this can really be a dynamic tool to drive change of savings rates and improved outcomes.

As Alain and Rod mentioned, we are investing in a number of key initiatives over the next four years to drive the expansion of our business's return on capital and Retirement. Let's examine some of this further.

Our goal is to drive the ROC in Retirement from 9.2% to the 11% to 12% range. We have a number of initiatives throughout our Retirement business that is going to drive this change. They are multifaceted and we don't have enough time to go through all of them today, but I thought I would give you a little bit of color on some of the major drivers.

The first is enhancing distribution and market reach, and I'm going to get into that one in a moment because it's very important and it's one of our big drivers. Leveraging our cross-market relationships is really working collaboratively with our Investment Management team, Employee Benefits, and really leveraging all of our points of contacts and tools and solutions for our clients.

On the margin side of the equation, targeting client engagements that align with our value proposition is going to be a central part of our initiative over the next number of years. We believe our targeted value proposition of working with employers to improve savings rates and drive participant outcomes, retirement income, most all employers want to do that. We are going to focus on that and really try to drive and improve that experience.

Our technology investments, as Alain indicated, a lot of platform consolidation improvements as well as investing in digital experiences, what you have seen in MyOrangeMoney, and I will talk more about some expansion of that, as well as the overall experience at a plan sponsor level.

Now we are about 4/5ths of the way through our journey on the repricing of our book of business and we have a bit of a ways to go. But really, once we get through this, this is not a destination in terms of our repricing initiative. Our initiative here is really to embed that into our overall operating of the business. It needs to be kind of a fundamental component and we plan to integrate that as we complete and round out our repricing initiative.

So I said I wanted to expand a little bit more on how we're going to enhance the distribution reach as well as the market reach. Distribution reach and market reach is really focusing on new distribution channels. In one capacity channels that we may not be in with, some wirehouses, some regional firms, as well as RAA firms.

In addition, it's working and reaching into new markets that we have not necessarily penetrated as deeply as we are capable of. For example, the private sector K-12. And we think we have some opportunity to expand within some of these segments.

Growing our sales, our wholesaling teams, both internal as well as external, and the sale support is going to be central to reaching our clients in the communities in which they are as well as the advisors in those communities. We have a number of specific initiatives around growing our affiliated advisors. One in particular is to develop a hybrid registered investment advisor capability within our Voya financial advisor network. This will shift from a transactional to more of an advisory model over time.

We have an aspiration, kind of long term I would say, to move from being the number 16 independent broker-dealer to being in the top 10. When you think on the productivity side, the strengthening of our data analytics, strengthening data analytics are not just an internal thing. This is something that we want to empower and work with our clients to engage them, both distributors as well as our individual plan sponsors and participants.

That can come from a number of ways and engaging them on our MyOrangeMoney and the next generation. What I shared with you today is what we rolled out last July through September. We have another series of enhancements that will be coming out on the website on MyOrangeMoney, as well as plan sponsor tools to enhance the experience for plan sponsors later this summer. So you are going to see a continuous, ongoing investment to improve that overall experience.

Expanding product suites and leveraging the product suites that we have today is really oftentimes just making sure all of our clients are aware of all of the solutions that we have throughout our broad organization. And that could be a huge opportunity for us to drive asset growth both from sales, retention, as well as total AUM.

Now let's turn to discuss how the Retirement segment will leverage the breadth and depth of our solutions and relationships across the entire Voya enterprise. Unlike many of our competitors in the retirement market, Voya enterprise solutions uniquely position us to be a provider of choice for retirement readiness and income solutions. A retirement provider of choice is really key to where we are trying to go.

Our comprehensive Retirement value proposition, as you see here on the slide, is really our delivery of guidance advice and planning services throughout the multiple channels that I described already in this presentation. Secondly, our wide range of reliable investment solutions, albeit the passive and active, as well as our targeting the entire investment suite, are some things that we believe are a unique value proposition to our ultimate clients.

Our annuity solutions are designed to protect and turn participant savings into a sustainable stream of lifetime income. I think of a lot of our competitors across the industry and there's some 150 plus retirement providers that have 10,000 participants or more. Those are the providers we compete with on a daily basis across the industry.

Our comprehensive Retirement value solution here, value proposition with planning, investment, and protection solutions puts us in an elite class of providers. Our Retirement business has many opportunities to work across Voya to deliver solutions jointly and I am going to get into a specific example shortly. We serve institutions similar to our Voya Investment Management as well as Employee Benefits, so we have a number of markets in common, as well as we have intersecting distribution with Investment Management and Employee Benefits in our distribution sectors as well in the institutional side.

An example of this opportunity is the increasing demand to translate savings into lifetime income stream. We expect the demand for retirement income to increase dramatically over the next number of years and I think it's going to be driven by three main drivers. Certainly the aging demographic.

From a regulatory perspective, we are seeing the Department of Labor and we are seeing also the Treasury Department attempt to break down barriers in the regulations to make retirement income solutions more widely accessible in workplace savings programs. Also, since the protection -- the Pension Protection Act, defined contribution plans are becoming more and more like defined benefit plans in many ways with auto enrollment, auto escalation, and even the provision of lifetime income solutions.

This creates an opportunity for Voya Retirement in our workplace, in our personal savings with our advisors as well, to partner up and work with our Voya annuity capabilities and leverage all of our annuity expertise to meet the increasing demands of our millions of participants to translate their savings into a stream of lifetime income.

I trust you can see why I am so energized and excited to be a part of the Voya team. The strength and the diversity of the business; our disruptive, innovative retirement income tools that simplify the path for participants to retirement readiness; and our focused roadmap as well to drive continued improvement in the retirement ROC; along with our opportunity to leverage the breadth of capabilities across the entire enterprise. Delivering on these will put us well on the path to becoming America's retirement company.

Thank you very much. And with that, I would like to take a few questions if you have a couple.

QUESTIONS AND ANSWERS

Steven Schwartz - *Raymond James & Associates - Analyst*

Steven Schwartz, Raymond James. This may be unfair for you, being here a month, so I will preface that. But in 2013, if I was to look back and say what were the really big initiatives that management was talking about driving the growth in ROC, it was the repricing of the pension business and it was the capture of assets that were not being managed by Voya, either in recordkeeping or in other plans.

Maybe you, or I don't know maybe Alain, can give an update on where we are on that. Didn't see all that much in the new initiatives.

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

I will speak to it a little bit and others can chime in as well. Relative to the repricing initiative, as you pointed out, we're four years into a five-year journey on that; well through the process and also integrating it into the business. Some of those results it takes a while for that to flow through the business would be one comment on it.

The second comment in terms of the overall business, we have done -- there has been some tremendous work, particularly in our recordkeeping business, to leverage off the Voya Financial Advisors and introduce those planning services at the point of -- at the workplace and integrate it more into the business, which then ultimately, to your point, starts to get into maintaining the assets and having a more holistic view in planning service for a lot of our participants. So I think there has been kind of components on both sides that have driven that.

Steven Schwartz - *Raymond James & Associates - Analyst*

Are there opportunities near term for asset takeover?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

Opportunities near term for asset takeover?

Steven Schwartz - *Raymond James & Associates - Analyst*

Replacement, Alain?

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

I think you are talking about our Investment Management business, the subadvisory replacement. As you know, these are -- they are not in the Retirement business. It's in our Investment Management that we are replacing essentially advisors that are on our platform who have underperformed. We had very good investment management performance and the mutual fund board elects to move these assets to be managed by Voya Investment Management.

It's lumpy. There will be opportunities going forward, if our competition and other asset managers continue to underperform and we continue to perform.

Steven Schwartz - *Raymond James & Associates - Analyst*

But this goes on in the pension business as well, no?

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

Some of the assets are on our retirement platform or on our variable annuity platform.

Steven Schwartz - *Raymond James & Associates - Analyst*

Okay, thank you.

Suneet Kamath - *UBS - Analyst*

Suneet Kamath, UBS. You mentioned the Department of Labor as a positive, I think, in terms of ultimately showing the value of income for life, but clearly some of the recent developments have been viewed by the market as a negative, at least in terms of costs associated with compliance. But also, one of our views is that the variable annuity is a product where companies have talked about moving away from living benefits. And if the value proposition of the VA comes back into focus by advisors, we could see the industry moving back toward living benefits. At least that's one of our views.

So I was wondering if you had any thoughts on that, particularly as a company that doesn't offer any living benefits. Do you think the LB market will be coming back and guarantees will be increasing once again?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

I think that is a little bit out of my wheelhouse for the time that I have been in the organization, so I'm going to pass on that one if I could. I don't know, Alain, if you want to comment on that one.

I think in general I would say on the fiduciary regs, when you look at them, our general comment would be, as they are written today, the one thing we know for sure if they do get finalized is they won't be in the exact same form word for word as they are today. There's going to be modification and there's certainly a lot of chatter in the industry about that, the types of things.

So I think it is premature to judge any one particular product in general, whether it be variable living benefits or living benefits in variable annuities or other components of the entire fiduciary reg. But I don't know if you have any other comment; is that all right?

Suneet Kamath - *UBS - Analyst*

And then on these Voya Financial Advisors, are those folks -- could they be subject to this new fiduciary standard as they give advice to retirees?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

All advisors potentially, depending on the types of services and the types of things that they are doing, our advisors provide a wide range of services, so it really depends. And, again, it depends on how the final regs kind of shakeout.

We're in the process of reviewing and going through that and we will continue to do it. But I think you've probably seen within the industry there's lots of discussion about the different types of roles that may or may not be fiduciary acts under the proposed regs as they are today and potentially there are exceptions to get out of those as it's written today, so you wouldn't be a fiduciary. I think it is a bit premature to really comment on that too broadly.

Tom Gallagher - *Credit Suisse - Analyst*

Tom Gallagher, Credit Suisse. Charlie, can you disaggregate a little bit -- I think you at one point mentioned not all these businesses within Retirement are created equal or there's different dynamics going on. Can you talk about maybe your one or two biggest businesses, which I presume are 403(b) and small to mid 401(k)?

I don't even know if that's right from a profitability standpoint. But can you talk about what are your two biggest businesses from a profitability standpoint and kind of peel back the onion what's going on from a competitive dynamic within those businesses?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

Great question, because what is interesting when you look at the slide that I shared with -- on that profit pool, as you identified, the small and mid was fairly large on a per capita profitability, as well as some of the per capita in the tax-exempt as you identified. For us as an organization, and within those market segments, we like all of the market segments, large -- the large mega as well because large mega, while it may not necessarily have the same per capita, it has a contribution margin to the overall business and to our scale and our capabilities across the franchise.

So one of the challenges I think for a lot of small recordkeepers or providers that work in the small end of the recordkeeping business, whether it's 401(k) or even 403(b) to the tax-exempt, if you don't have the scale from the large market, it becomes very costly to implement some of these regulatory changes or the digital experiences that we are doing. To be able to have a platform that has over 5 million participants that we can underwrite the cost of all of our developments from a contribution margin perspective that a lot of the contribution comes from our large mega as well as some of our government as well as tax-exempt. So there's some unique things that are occurring there.

From a competitive component, as you asked about those respective markets, very, very different from 403(b) the K-12 relative to the small 401(k). Small 401(k) has been a challenge, I think, for many organizations. It's increasingly competitive on a lot of dimensions, but the change and I think the challenge that has occurred in the last number of years has actually come from the number of plans that have actually come out and gone to bid and changed providers.

There has been some data in the industry that suggests fewer plans in 2014 went to bid and actually changed providers. We know on a national basis in the under 10 million market that there's a little over 40,000 plans, employers that change their 401(k) provider in the under 10 million market every year. Lots of opportunity there, but they've had challenges with the Affordable Care Act and getting the attention of the employer in the small market.

What do they do? The person that handles the healthcare probably does payroll, but also does 401(k). So getting their attention has been a challenge the last couple of years with some of the results of the Affordable Care Act and just the attention that it has taken on a lot of small businesses.

On the tax-exempt side, public sector employers, school district access I think continues. I think there's a lot of opportunity in the K-12, in particular in the private school area in that regard, and we plan to continue to invest in that and grow in that segment as well.

Fewer competitors in that K-12, because you have to -- it tends to be more of an advisor-based business, a lot of street on the feet -- feet on the street that you have to really have that whole distribution model to be able to work that channel. So it's almost kind of a barrier to entry for new entrants to get into the K-12, unless you have that distribution model which we have quite well, and it is a very strong and capable advisor network.

Tom Gallagher - *Credit Suisse - Analyst*

Sorry, could I just ask a quick follow-up? Can you just comment on what attracted you to this opportunity in particular? What did you see? What was the reason for the switch for you?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

Tom, it was the things I said: it's the strength of the team and the strong and diverse business. There's a lot of retirement providers in the country that just kind of focus at one segment, maybe a large mega or small or 403(b). But to have a franchise, a retirement business that is so diverse that operates in all of those segments, I believe that's what you're going to need to be, to be a long-term survivor and player in the US retirement market.

So that was a really strong attraction, in addition to the people. And then finally, as I said, it's the strength and the broad capabilities across the organization through Voya Financial Advisors in a very, very strong investment management platform. Our reliable investment platform is really, I think, a bit misunderstood and we've got to do a better job in our retirement team of really getting our message out on our capable investment options that we have across the discipline and across the asset classes.

I'm committed to working with our team to get that message out. So if I am looking long term I look and I say, all right, a profitable business, a very profitable business I think relative to many providers in the industry, as well as all the team and the strength and diversity of the business.

Do we have time for one more?

Ryan Krueger - *Keefe, Bruyette & Woods - Analyst*

Thanks. Ryan Krueger, KBW. A lot of -- the last few years it seems like most of the talk in your retirement business has been more around improving legacy margins. Felt like today it was really more focused on growth and in recent years the flows have been pretty modest. Are you expecting the initiatives to produce a meaningful pickup in flows over the next few years?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

In short, yes. I think over time we would expect that to occur. It is going to come a little bit lumpy. In each of them the different market segments, for example, the large plans, whether it's tax-exempt or whether it's even in our corporate 401(k), tends to be a bit lumpy as the plans come to bid. It's not a fairly even distribution.

As I said in the under 10 million 401(k) market, there's 40,000 plans are going to come to bid and that is fluctuated by 3,000 to 6,000 each year the last number of years. So it's fairly even, so you can kind of get to there.

I think also fee disclosure the last number of years has forced a lot of employers -- plan sponsors, employers, if you will -- to look at their fee schedule. And I think as an industry that is one of the things that we have looked at here at Voya with our overall repricing and looking at our strategies around that. And so I think we're going to see less volatility than we have actually seen maybe the last two or three years because of pricing because the industry has rightsized it. Plan sponsors have had to do that with 408(b)(2) fee disclosure and some other things.

Ryan Krueger - *Keefe, Bruyette & Woods - Analyst*

Then the second question was you were talking more about cross-market opportunities. Can you give us some sense of where you stand now in terms of what percentage of assets you are capturing when a plan participant either changes employers or retires and where you think that can go?

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

You know, there's a couple of components to that. If you look at probably just total retention from an IRA perspective, it's in the high teens, the 18% range, but that is only part of the equation. When we work with plan sponsors and individual participants, our focus is on what's right for that individual investor, that participant. And oftentimes it is leaving it into the plan, which is a big component of it.

And when you add in all of the components from participants that separate service, leave it in the plan, IRAs, we have very strong retention but we can do better. And I think that some of the things that we need to work on overall over the business, as well as in the industry, is to make sure that we are providing a balanced solution for participants so they know all of their options and they can make an informed decision.

Thank you very much.

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Thank you, Charlie. So we will take about a 15-minute break. We will resume the program back at 3:05. While you are out there, I would take the opportunity as Alain and Charlie suggested, to check out MyOrangeMoney and then we will see you back here at 3:05. Thank you.

(break)

PRESENTATION

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Welcome back. Our next presenter is Jeff Becker, our CEO of Investment Management.

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

Good afternoon. I have been with the organization for over 20 years and I have been leading Voya Investment Management for the past six years. I led the integration of the original legacy asset managers over a decade ago as the former COO of the business and ran the Americas region for the global asset manager when part of ING. So I have taken an active role in the strategic evolution of this business and our current strategy that I will discuss today. Over my time here I have never felt better about both the health and the diversity of the business and the opportunity set in front of us.

You heard Charlie reference it before, but we have built what we believe is a differentiated and durable value proposition for Voya Investment Management that we call reliable investing. Our reliable investing approach has delivered strong long-term performance that has led to asset growth at increasing margins and earnings. We take a solutions-oriented approach to the marketplace and our investment products are focused on addressing customer needs across their life stages.

We are a full-service, multi-asset investment manager with a solutions focus. And if you look at the trailing 12 months, we have delivered $207 million in pretax adjusted operating earnings or about 15% of the Company. So since 2010, that has been a growing share of the pie of the operating earnings of the business.

We have about $209 billion in assets under management as of the end of the first quarter, so we are a business at scale. We have over 900 employees bringing value and quality throughout the value chain and 200 tenured investment professionals. We are a top 20 manager, both of US institutional tax-exempt assets as well as US defined contribution assets. And we are the 26th largest mutual fund company, if you include our open-ended retail funds and our variable portfolios used in our retirement and annuity products.

We offer equities, fixed income, and alternatives, both as standalone investment options as well as part of multi-asset solutions. And we deliver that through retail, institutional, and retirement channels.

We believe in taking our core capabilities and delivering them through multiple channels and vehicles. We think of ourselves internally as big enough to deliver and small enough to care, and it's that sense of partnership that we want to develop with our clients.

So let's talk about where the growth is in the industry. One the left you will see a bar graph of US industry assets by major market segment. As you can see, retail represents over 50% of the assets. Institutional, predominantly defined benefits, about a third of the assets and defined contribution a little less than 20% of the assets.

Defined contribution, however, is the fastest-growing segment, and at Voya Investment Management, we are well prepared to support our Voya Retirement business as well as other retirement providers and record keepers in our defined contribution investment-only business. We have the products, the vehicles, and the retirement know-how and distribution channels to compete effectively in the DCIO space. And these are elements that not every investment manager has. Again, you need the right structures, you need funds, you need trust structures and other vehicles, and you need multiple distribution channels to get through the advisor-sold space as well as to consultants and large plan sponsors.

The defined benefit business overall is not growing as you know, as DB is generally shrinking in favor of defined contribution. However, it remains a large pool of assets for institutional quality managers like ourselves and we are gaining market share in our key strategies.

One area of the institutional business that is growing is the insurance outsourcing business. We obviously have a unique set of capabilities to compete there, having managed general account assets for our own affiliate insurance companies for several decades. It is a $1.8 trillion market and growing, and again we think we are uniquely positioned to compete.

In the retail segment, the growth is being driven obviously by the individualization of the marketplace as well as the baby boomer demographics and retirement trend. We're investing in our retail business. We have developed a new go-to-market strategy in that business and we are investing in tools to be more effective in that space. And I will talk about that in a few minutes.

This bar chart shows the US industry assets by strategy or asset class versus market segment on the prior page. As you can see, active fixed income and active equity are still over 50% of the asset base in the US. We have core capabilities that continue to be important parts of defined benefit and defined contribution plans, and we have very strong performance in those capabilities that make us interesting to our partners and also have led to growing market share.

You can see that alternatives passive and multi-asset represent anywhere from 10% to 15%. Importantly, specialized active fixed income and equity are in strong demand. There we are looking at taking individual components of, say, the Barclays Agg and offering those individually or in other combinations as part of solutions and offering more concentrated or higher conviction equity strategies. And building these off of our core platforms and core capabilities.

Multi-asset solutions is the fastest-growing part of the asset space and it's being driven by defined contribution plans. We have the business to compete here. We have a large multi-asset team that I will show you and we have the ability here to support both our Voya Retirement business again, as well as the DCIO space. Alternative and private assets are a growing part of the asset landscape as investors look for more diversified alpha sources, as well as to diversify their investments overall.

And then, lastly, passive, smart beta and ETF strategies. We believe in active management and its long-term efficacy. We are primarily an active manager; however, we do manage some passive and smart beta strategies that we deliver in certain channels, primarily as part of multi-asset solutions.

We also use ETF strategies in a number of our multi-asset solutions. We don't manufacture ETF strategies currently, but we are closely watching the space as an alternative structure to deliver our investment capabilities.

I believe a successful investment management business is all about culture and our team is driven by principles that we call stewardship and service, never forgetting that we are managing other people's money. It is about the promises we deliver to our clients, putting their interests first; about the skills of our people, long-tenured, experienced investment professionals; and our core capabilities, focusing on our core capabilities where we believe we can create sustainable competitive advantage over time.

We don't have any hobbies. And this is the lens we really take to everything we do and we think it's what makes us a reliable partner committed to reliable investing.

So what is reliable investing?

Reliable investing is how we sum up our investment proposition. The way we think about investing starts with a long-term perspective rooted in deep research and a team-oriented approach. We are not a star manager shop. We deliver alpha through unconstrained investment thinking with consistent, disciplined, and repeatable investment processes that deliver strong, long-term performance and truth in labeling.

We are risk efficient or risk aware portfolio managers. That doesn't mean we are risk averse. We're in the business of taking risk, but our risk positions are deliberate, they are measured, and they are according to our mandates. And that has led to strong, reliable investment performance over time that has tended to be more consistent and less volatile than the average manager, delivering strong upside/downside capture, meaning we capture the majority of the upside in the markets and we preserve capital very well in the down markets.

Again, we call it reliable investing and we think it's the appropriate way to manage money for the clients that we serve, primarily in retirement plans, defined benefit plans, and long-term savers. We deliver reliable investment through five distinct investment platforms, each one fully resourced in its scale.

We don't run a single CIO, or chief investment officer, model. Each investment platform is entrepreneurial and empowered to seek alpha in uncorrelated ways with reliable investing principles being the common thread that runs through all of them.

Our fixed income platform is the largest, about $120 billion in assets under management, including our proprietary accounts. We manage money here from short-term through private asset classes and derivatives. And recently Institutional Investor named us the best corporate credit manager for 2014, which is an accolade we are very proud of.

Our senior bank loan team, with about $20 billion in assets under management, manages senior-secured, below-investment-grade, floating-rate securities, so these are great hedges for interest rate rise. It's been a very popular asset class for us over the last several years and over many years actually. We also deliver that through multiple channels and vehicles, from funds to institutional portfolios to structured products or collateralized loan obligations, or CLOs. We are one of the largest issuers of CLOs in the marketplace.

Our public equity team at about $50 billion, based here in New York, manages across the value-to-growth spectrum and the market cap spectrum. We deliver alpha here through bottom-up security selection and fundamental research. We don't take big macro bets.

Our private equity team under the banner of Pomona Capital has about $7 billion under management and manages primarily secondary private equity fund of funds, so buys the liquidity positions in pre-existing private equity funds. Importantly, the leaders of these platforms average more than 30 years of industry experience and reliable investing is very much a part of their core DNA.

This investing philosophy, as I mentioned, has produced strong performance over full market cycles. This graphic here shows the percentage of the Voya Investment Management assets that outperform either a benchmark, if they are enhanced index or rules-based portfolios, or five-year peer median, if they are long-only, unconstrained active portfolios. And for the overall business 82% of the assets that we manage, excluding private asset classes, outperform either the benchmark or the five-year peer median. And you can see it by underlying investment platform.

If you look at this on a one-, a three-, or a 10-year basis you will see similar impressive results. This has led to an increase in consultant buy ratings in the past few years with the addition of 14 new consultant buy ratings across 11 different strategies in the first quarter alone and placement on a number of broker-dealer preferred lists and discretionary platforms. So our performance is being recognized.

Importantly, our strategies outperform while generally taking less risk than the average manager. Again, reliable investing. There are a number of ways you can measure risk and volatility. You can look at information ratios, standard deviation, tracking error, etc.

In this particular metric we took 10 years of Morningstar data and found that 91% of our Voya Investment Management-managed mutual funds beat their 10-year Morningstar category average and 81% of those same funds did it with less risk, according to Morningstar, using standard deviation as the risk metric. So it's this strong investment performance which has been key to our growth in assets, earnings, and margin.

Over the last four years we have delivered strong earnings and margin, growing over $150 million in run rate earnings and 2,000 basis points of margin expansion. You can see that on the left in a pretty linear fashion. We did that through adding $47 billion of commercial assets, $27 billion of which was net cash flows, so the balance then was market performance. And in delivering that we generated 10% average annual revenue growth, while managing expenses to a 2% average annual growth.

This was largely accomplished by driving more focus and scale to our core capabilities and key strategies and paring back strategies and portfolios which were never going to be a meaningful part of our franchise. We believe in focus and paying for alpha once and scaling that through multiple vehicles and channels. This has led to an investment franchise and scale which we believe can be leveraged for future earnings growth, and we are now investing in a number of areas for our next phase of growth.

As shown on the last slide, we achieved a 32% pretax operating margin in 2014. That was a few years ahead of our original plans. Historically, as you can see in the yellow part of the bars, about 200 basis points of margin has come from returns on invested capital. That is capital that we used to launch alternative and structured assets and co-invest alongside our investors.

We are now adjusting our guidance to an operating margin of 33% to 35% by 2018. We believe a mid-30%s margin is an appropriate margin for an asset management business like us, given the segments that we operate in and the products that we offer. Importantly we believe we can continue to grow at that increased margin.

On the right, you can see a number of initiatives that we have listed that will drive the growth in the business going forward and it is a multifaceted growth strategy. I mentioned the defined contribution investment-only business. We continue to invest in this business and bring our capabilities to market. Again, we have the structures, the products, and the vehicles and the distribution channels to deliver there.

We entered the 529, or college savings plan, market a few years ago and we now have two states under management, both Iowa and Wisconsin. And we continue to look at other states as they come up for rebid.

I mentioned that we are refining our focus in our retail channel and really refining our go-to-market strategy there. We want to become known as the go-to retirement asset manager in the retail space and we want to target advisors who are more likely to value our style of management. So we are investing in data analytics or big data to identify those advisors and bring them our multi-asset income and reliable investing solutions.

I mentioned insurance outsourcing as a growing space. $1.8 trillion of assets are currently outsourced and not just by small companies, small and large insurance companies. As an example, we, with an $80 billion general account, outsource some investment capabilities to outside managers. And others are as well.

We think we are uniquely qualified to compete here. We know how to manage insurance assets. We understand insurance liabilities and book and yield and various other insurance constraints and requirements. So we think we have a competitive edge here and last year we invested in growing this channel.

From an enterprise perspective, we have talked about enterprise solutions and enterprise retirement. We have a number of offerings that can be the qualified default investment option, or QDIA, like our active and passive suite of target date funds that we deliver through Voya Retirement and through other retirement providers. And we deliver a number of income solutions, both in nonguaranteed form, basically asset allocation, or payout strategies, as Alain mentioned earlier in one product, as well as in conjunction with our annuity business with guaranteed income solutions.

And we are extending our product array into specialized products and capabilities, like unconstrained fixed income, so taking the components of our fixed income platform and delivering them in unique solutions; private credit like private placement debt; and commercial mortgages that were historically just available to our proprietary accounts. Concentrated in global equity, expanding our capabilities on our equity platform, and alternatives and structures.

A recent example there is we just launched a retail fund which takes our Pomona private equity fund of funds capability and delivers it through advisors to the retail space. Because of our style of private equity management, which again is to buy secondary or liquidity positions in existing private equity funds, we believe that we are going to offer a product to the marketplace that is new and unique, which will avoid the J curve and provide more liquidity for retail investors.

And then, lastly, we continue to invest in our infrastructure. We believe in quality throughout the value chain because that is the customer experience and ultimately they feel all aspects of the value chain, not just the investment performance. We are investing in salesforce productivity enhancements, like digital tools to enable our salesforce to be more efficient at the point-of-sale. We are investing in technology, both front-office and back-office systems, and our customer service capabilities in new CRM systems as well as new client reporting capabilities.

So I've talked about some of the specific initiatives and investments for our next phase of growth. These are all part of our strategy to offer products and solutions which address customer needs across their life stages, both to other partners and across our Voya businesses. You have heard Charlie and Alain talk about Voya's value proposition to our customers, which is to help them plan, invest, and protect their savings across their life stages.

Voya Investment Management and investing plays prominently into that value proposition and into each component. We help in the planning phase with target date glide path design that we bring to the largest end of the market. And asset allocation models and retirement plans and in our retail wealth management business. We help many different types of customers invest in individual products and holistic solutions. And we help protect with our style of management and our income strategies and solutions, which help solve for longevity concerns.

Investment Management works with each of our Voya businesses, as you have heard, contribute to enterprise solutions that we bring to our customers, from in-plan retirement offerings, again like target date funds. A recent example there is we are bringing a passive suite of target date funds to the small end of the 401(k) market and offering that in a zero revenue share class. We just launched that recently and we think it's going to be very attractive offering in that market segment.

We offer investment options in IRA rollover, annuity, and life insurance products. And our businesses coordinate to serve common retail, intermediary, and institutional clients and gatekeepers where we work together to leverage those external relationships across markets and leverage our internal distribution forces to partner more effectively with these important intermediaries.

I developed this last slide in an attempt to show the strategic evolution of our Investment Management business and put all of the initiatives I just spoke about into context. As Voya evolves from a B2B or business-to-business company to a B2B2C company and puts the end customer at the center of our value proposition, Voya Investment Management is evolving our business to offer investment products and solutions along that institutional-to-individual continuum and to build more individual and retirement products.

The foundation of our business, which goes back 40 years, was largely institutional. We managed general account assets for our affiliate companies and we had a defined benefit institutional business. Along the way we picked up a retail mutual fund business that delivered through our own affiliate businesses -- product through our own affiliate businesses as well as through advisers.

Since 2009 we extended our business and our market segments. We took our institutional management capabilities into the defined contribution investment-only market and into the subadvisory market, offering our products and stand-alone investment solutions to other people's target date funds as a sleeve within their products. And we took our retail advisor-led business and extended that, as I mentioned, into the 529 college savings plan market.

And more recently, again expanding our proprietary general account capabilities into the institutional market and bringing those capabilities to other insurance companies and helping Voya deliver enterprise solutions with investment offerings in various businesses and products. And, lastly, again changing and evolving our retail go-to-market strategy to be a go-to retirement asset manager and really build the value proposition, the value-add, the products, and the income and outcome-oriented solutions to be effective in that space and to specifically target those advisers who will value our style of management and solutions that we bring.

So this strategy has been intentionally developed to extend our core capabilities and channels to align with the market demographic trends that I showed earlier in the presentation and in the way that we see individualization of customer solutions.

In summary, reliable investing is the core building block of the value proposition we bring to market. It has led to strong long-term performance as I showed and growth in assets, margin, and earnings. Importantly, we believe we are poised for further growth and can continue to expand our margin and grow at these higher margins. And we have developed this strategy with a focus on core areas of growth that align with the market trends, our capabilities, and Voya's overall enterprise solutions strategy.

And with that, I will take questions not on insurance solutions. [Pause] I've never been that clear.

QUESTIONS AND ANSWERS

Steven Schwartz - *Raymond James & Associates - Analyst*

It's a small new investment that you made, but it is a question. Solar Capital, how does that fit into what you are doing? You are investing in a BDC; how does that all work? We're seeing more and more of that in the industry.

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

That investment is being done as part of our private placement debt effort, which has historically, as I mentioned, been largely part of an offering that we have provided for our own proprietary general account and we are now commercializing to bring to other institutional investors and insurance companies. And that partnership is really about sourcing deal flow.

Steven Schwartz - *Raymond James & Associates - Analyst*

And that is just -- it's middle-market debt, is that what that is?

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

That's correct.

Steven Schwartz - *Raymond James & Associates - Analyst*

And do you --? Is that carried as like a loan, like a bond or --?

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

It is. It's a private bond.

Connie DeBoever - *The Boston Company Asset Management - Analyst*

Connie DeBoever, The Boston Company. I think on the most recent conference call we talked about operating leverage, it sounded like it would be slightly negative in the near term. I wondered if you could flesh that out and maybe talk about, in the context of the $350 million investment spend, what portion of that relates to investment management and I guess longer term how you think about operating leverage.

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

Sure. As we showed, we finished 2014 with a 32% operating margin and about 200 basis points of that was related to what we call investment capital or returns on capital that we invest. Additionally, there was about 100 basis points in that margin that was from performance fees so for some mandates where we have additional fees that we earn for outperforming a benchmark or a hurdle.

We don't plan for those every year and so when you look at it from that perspective, both in terms of performance fees and capital results, near-term margin expansion as we invest for our next phase of growth could be more limited. So that margin trajectory or the 2018 guidance that I gave is a little bit back-ended.

In terms of the $350 million, that is invested in primarily Retirement and Insurance Solutions businesses. Not very much of that is specifically attributed to Investment Management, although it's invested in areas that will involve enterprise solutions of which Investment Management will be a part.

Connie DeBoever - *The Boston Company Asset Management - Analyst*

Thank you.

Erik Bass - *Citi - Analyst*

Erik Bass, Citi. Just hoping you could talk a little bit more about the partnership with the Retirement business. I think earlier there was the question on takeover assets, but also maybe if you could touch on new mandates. Are you winning a higher percentage of internally-managed assets on those and maybe quantify what that percentage is?

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

It really differs by market segment and product. What I will say is over the past several years we are doing a much better job collectively as an organization bringing broad-based solutions to market. Some of that is improved performance. Certainly some of that is a better articulation on the part of our Investment Management business of how our solutions fit into retirement plans, but also we are looking where appropriate.

And it's open architecture. We have to meet all of the hurdles and screens that all of the outside managers do to be on our Retirement platform, so it is full fiduciary standard and open architecture. We are finding more places where we can build products together than we have historically and so we do believe that will lead to higher penetration than it has over the past several years.

Erik Bass - *Citi - Analyst*

Got it. Can you maybe give a sense of what that percentage is today? And maybe in your plan out to 2018 do you have that increasing?

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

Today -- and again it's across all markets from the largest market segment all the way through -- it's sub 20% and we do believe that is going to grow over time. But we also have an older in-force block that has had some higher proprietary share ratios and some of those books will see their normal course.

Connie DeBoever - *The Boston Company Asset Management - Analyst*

At the beginning of the investor day, we talked about a bolt-on acquisition. When I think about the five platforms that you talked about, you obviously have pretty sizable scale but maybe not across the whole board. So maybe talk about potential opportunities for bolt-on acquisitions in your segment.

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

Sure. The way I think about acquisitions are what will it add to the business, so I look at it in a couple of ways. Number one, would be investment capabilities. And as you said, we have a broad-based business but we are not covering the full space. We're not trying to be all things to all people, but clearly there is some areas where we believe we could add product capabilities.

We believe in adding scale, so we might look for something that adds scale in existing capabilities and also something that might come with expanded market segments or channels. And it would be ideal if you got all that in one, new product scale and enhanced distribution and geographic footprint, but those will be the filters that we would use to evaluate.

Importantly, as Alain mentioned, we don't need to do M&A to grow and we would want it to check a few boxes. Meaning that it could be delivered as stand-alone options, could be part of multi-asset solutions, and be delivered through several of our channels. Again, our business model is all about leverage. It's about taking our capabilities and delivering it through multiple vehicles and channels.

Connie DeBoever - *The Boston Company Asset Management - Analyst*

Could you just be more specific in terms of the capabilities that you just mentioned or where you think you might need more scale?

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

Again, we don't necessarily need scale in any particular area, but this is a scale business and profitability is leveraged through scale, particularly depending on the type of structure. If it's a pooled account, you can -- if you add scale there it certainly is very accretive to margin.

And then the only thing I would say about capabilities is historically, having been part of a global organization, one with ING, we leverage global products from our Asian and European affiliates. So we are light on overall global capabilities; that might be an area that we look at.

THOMSON REUTERS

Thank you very much.

PRESENTATION

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Thank you, Jeff. Our next presenter is Mike Smith, our CEO of Insurance Solutions.

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

Today I'm going to take you on a deeper dive into our Employee Benefits and Individual Life businesses. These businesses are connected by a common focus on protection products offered to both individuals and employers. However, the EB -- the stories for the two businesses are very different. EB is a growth story with a track record of success, opportunities to expand to adjacent markets, and leverage existing positions.

Life is a business in transition with a recent product strategy change focused on less capital-intensive products and a recently realigned distribution strategy to match that product strategy. And also, importantly, a focus on restructuring our in-force block in order to drive near-term ROC improvement. Both businesses have great opportunities to join forces across Voya as we seek to become America's Retirement Company.

Let's start with Employee Benefits and the three themes that I would like you to take away from today. First, the track record of success. We have grown this business in our target markets, our target market being employers with 1,000 to 5,000 employees. And we have done that growth while maintaining our risk and pricing discipline without pursuing acquisition pricing, which can put pressure on returns. And, in fact, quite the opposite from pressure on returns, we have grown our returns quite dramatically over the same time.

We see further opportunities for growth via expansion into the mid-markets, employers with 200 to 1,000 employees. We see opportunities to grow via private exchanges, a new method of distribution, and we also see our ability to grow by leveraging our stop-loss position as a leader in that industry.

And, finally, we see great opportunity to work with Retirement to not only create a potential combined offering for employers, but to work to build up our combined footprint.

Before we get into the details on EB, just a little bit of background. You see Employee Benefits is now a very significant contributor to overall Voya earnings at 13% and the other key point I would like you to take away from this is this is a balanced book of business. While we lead with stop-loss, we have a substantial group life position.

We have a growing voluntary business and we sell disability because it is important to building relationships with customers as we try to provide holistic solutions to them. But we don't take that risk. That is all passed on to a third-party reinsurer.

From an industry perspective, there is a bit of a mixed bag of growth. The two products that we probably are most focused on growing are also the ones that the industry is growing, stop-loss and voluntary. Group life has and will continue to be a relatively steady performer. It's not buffeted by economic trends. Stop-loss growth is primarily driven by the increases in cost in a medical plan.

Voluntary has been driven by plan design changes and an increased reliance on employers pushing the choices on to their employees as they pull back and with high deductible medical plans and so on. We see great opportunity to continue to grow in the voluntary space along with the industry.

So the track record of success is built on a strong customer value proposition, which, for employee benefits, is really about building a long-term customer relationship based on experience and trust. How do we go about that? Well, it starts with a salesforce that has great experience; on average over 20 years of experience with our sales team.

This sales team sells all of our solutions, allowing them to be more holistic. They are more knowledgeable. They're more able to provide complete solutions to customers and the distribution partners that we work with. Our sales team is largely in regional offices, which enables us to establish a tighter, more consistent presence and connection with customers.

As I mentioned before, we have avoided pursuing acquisition pricing so when we talk about a long-term approach to customer relationships, what we mean is they understand and know what they can expect in terms of pricing. There is no renewal shock or we try to avoid that wherever possible.

We see the results of that in our industry-leading group life lapse rate. We are the best in the industry in terms of lapse for group life. We are much better than average for stop-loss in terms of our lapse rate relative to industry averages.

And, finally, we view stop-loss as a key differentiator. It is an important part of any benefits package for employers that self-insure their medical plan. It's one of the bigger checks they're going to write. That gives us access to the discussions with the customer. We are at the table and we are able to use that position to build a broader relationship.

So when we talk about success, this is a slide that really shows it. On the right-hand side you can see the return on capital grew dramatically over the last few years, while we were growing in the target market of 1,000 and up. So why did ROC grow? I think it goes back three or four years to a fundamental change in our underwriting philosophy around stop-loss.

In the past, we had a very mechanical approach where we were very much driven by the manual rate and we took judgment away from the underwriter. In 2011/2012 we gave the underwriter more authority to assess the experience, to consider what the competition was doing, and to potentially deviate from the manual. And what we ultimately found was that the manual needed to be changed and we made changes to that.

In addition, we brought in new experienced stop-loss underwriting leadership which helped guide us through that process. That is the majority of the increase in ROC is primarily due to that change and it's sustainable.

Now we have talked about the favorable experience in stop-loss over the last couple of -- six to seven quarters. That has been primarily driven by medical trend being more favorable than we have assumed in the pricing. We don't know whether that will continue. We're not really even sure why that's happening, but we see that in the industry. It's not just us; everyone is seeing that kind of experience.

We do not expect that to last forever. Eventually medical trends will return to more historically observed levels and at that point you will see some decline in ROC, but we will still be in the low to mid 20%s.

The other point I would make about this slide is the growth has been in the 1,000 and up clients. The opportunity for us is in that orange bar, in those orange bars. You can see where we have significant opportunity to grow based on the steps that we have taken to position ourselves for that market, which I'll talk about in just a minute.

So as I said, our challenge is to grow the earnings in the Employee Benefits business and maintain our ROC in the low to mid 20%s. We have done this and we are confident we can continue on this path. So what have we done to get ready? Let me back up.

The ways are going to grow are the following. First, we're going to pursue the midmarket, the 200 to 1,000 employer market. We are also going to take advantage of our position in this new distribution method, private exchanges, and we're going to grow by leveraging our stop-loss position.

That will come not only by working to build a broader relationship with a client where we have existing stop-loss relationships, but also via the natural growth that you saw in the industry slide. That will continue to drive earnings up as well because the premiums for stop-loss will just naturally grow.

And I should point out I think we're the only business with a decline in ROC. That is just simply the reversion of medical trend to historical averages. It is not funding the growth.

Now I can talk about what we have done to get ready for the midmarkets and private exchanges. The midmarket expansion is primarily driven by changes in our sales team in our approach to managing the sales process. First, we've established a national account team, which will focus on our larger relationships, both larger clients and larger distribution, freeing up the local teams to spend more time with the midmarket.

In addition, we've added about a dozen sales reps who have experience in the midmarket working with other of our competitors. And, finally, we have realigned their sales incentive plans to drive more activity to the clients that we are targeting in the midmarket expansion.

On the private exchange front, we have established relationships with eight key platforms that share our view of wanting to deliver holistic customer solutions where we have preferred product access. Now, private exchanges are a relatively new method of distribution. They've grown quite a bit in the last few years.

There are now 3 million employees, give or take, in private exchanges. Some projections have the number growing to as high as 40 million in 2018. Others are more cautious and say might be 5 million or 10 million.

We don't know, but we are pretty sure private exchanges are here to stay. And they will grow and we think they could grow quite rapidly, and these positions give us an option to take advantage of that wave as it grows.

Underlying both markets there is a strong preference for employers -- with employers for packaged solutions, which we think will allow us to further accelerate our growth as we are able to offer more than one product to these employers in this space. We can also leverage our existing stop-loss positions where we have clients in this space with these new combined offerings.

And, finally, we have taken a number of steps to enhance the customer experience, to make it easier for us to do business with them and for them to do business with us. And that we further accelerated by the investments that Alain and others talked about earlier as we work to create a more digital experience as we simplify our IT infrastructure.

Finally, we see an opportunity to work with Retirement to provide a more valuable package for employers, more holistic solutions for employees, and to work together to leverage our combined footprint.

EB's products are primarily focused on protection, but our sales approach certainly as -- and as private exchanges grow it's going to be more and more emphasis on how it fits into an overall plan and providing a holistic set of solutions that cover a total financial wellness approach. Our products work well with all of these solutions offered by the Company, and as Jeff and Charlie have talked about, there is great overlap between customers and distribution with Retirement and Investment Management.

When I talk about the footprint, this is an easy way to understand what I'm talking about. Between Employee Benefits and Retirement there are about 3,000 customers that could be in common. The Retirement numbers refer only to those customers in Retirement that have more than 200 plan participants.

That covers 6 million people plus, but of those 3,000 institutions, there are less than 100 that are customers of both. So we see significant opportunity to work together with our Retirement colleagues to build a more complete solution set for our employer customers as we go forward.

In addition, as we talk to our employer customers, they express a lot of interest in the idea of somehow bringing the benefits and Retirement packages together in a more streamlined administration. More consistent reporting, condensed reporting. As well as from our private exchange partners who are very interested in the idea of bringing together a more holistic approach to their platforms that includes the Retirement plan choices that people are making.

And as you see, employers may be moved to a more defined contribution approach to benefits overall. That seems like a very logical fit that the private exchange partners are seeing.

In summary, we think Employee Benefits is very well-positioned for continued growth at attractive returns. We have a proven track record. We have done it; we are going to keep doing it.

We have significant opportunities for growth. We are well-positioned across a number of fronts and we see even greater opportunity to work across Voya as we go forward. So I am very excited about the opportunities in Employee Benefits.

On the Life side, I am also very excited but it's a different kind of excitement. The themes here are first that our go-forward strategy is very much in transition. Our old product strategy, our old distribution strategy was this: it was to be -- have a broad distribution footprint and a very price competitive product strategy.

Our new strategy is one where we are focused on less capital-intensive products and a more clear focus on the returns of those new sales. And within the last year we have realigned our distribution to be more consistent with that new product strategy and I will explain that in a couple of slides.

Second, our ability to achieve the 2018 ROC goals will be primarily driven by the actions we take on the in-force block. Third, life insurance is a foundational element of any holistic financial plan and we think the connection of life to the overall Voya strategy is very clear and very important.

Couple of stage-setting slides here as well. First, Individual Life remains an important part from an earning standpoint. The real take away from this slide is that we have scale. We have almost half trillion of in-force. We have over 1 million policyholders.

That allows us to price competitively from a unit cost perspective. It also allows us, should we pursue additional transactions as part of the in-force management like the term life reinsurance we did last year with RGA, we will still have scale when we're done with that.

Indexed Universal Life is the product that we have chosen to focus on as a less capital-intensive alternative. It's one where we had an advantage and we have been able to further that advantage. It also has come at a time when there has been increasing industry success in selling Indexed Universal Life. From 2013 to 2014 that is a 23% increase in Indexed Universal Life sales for the industry.

You can see our sales nearly doubled 2013 to 2014. We think that is driven by a combination of the low interest rate environment and increasing distribution acceptance of the Indexed Universal Life product set. Now we don't focus on table rankings or industry rankings, but our growth has taken us from number 17 in Indexed Universal Life sales to number seven in the first quarter of 2015 and it's nice to see validation of our approach and we are growing faster than the industry.

So as I mentioned earlier, we've shifted our distribution strategy to one that is more aligned with the product set that we are willing to offer. And so what we have gone through over the last year is identifying distribution outlets that value the things that we can provide them beyond being a price in a spreadsheet. And the things we provide are industry-leading sales tools, industry-leading customer education capabilities, and an overall focus on helping them build their business. Our value prop is aimed at the distribution at this point.

Going forward, we expect to bring more of the customer focus into our value proposition, building products that not only take into account the distribution needs but also the customer needs. We think that this value proposition allows us to avoid commoditization that plagues a lot of the industry right now.

It helps us differentiate ourselves and, moreover, long term will allow us to sell more effectively through nontraditional life agents. They will need the tools that we have to be able to sell life insurance products. They are often very challenged in today's current environment.

An example of the tools is Voya Life Journey. This is a tablet-based selling system that we introduced in March to only aligned distribution. This tool is a way for an agent to sit down with a client and walk them through slide by slide. Gathering -- telling them about the reasons that they might need to think about their financial future, gathering information that is relevant to that, and ultimately taking them through a series of questions that help them make choices -- and I will show you an example toward the end -- in terms of their financial future and how to plan. And how to potentially use a life insurance product to help them solve that need.

This tool is right now, today helping agents close business. I've got numerous examples of agents who went through the training and two days later were out talking to a client that they have been talking to for months and were able to close the sale that day.

What happens and what we see is a lot of times the customer actually reaches over, grabs the tablet, and starts playing with the tool. It's that engaging. And what that engagement I think is an indicator of is a change from someone knowing they need life insurance but not really understanding what to do or how to do it to, wow, I really get it now; I understand.

And there are millions of people. Our industry research shows there are millions of people who are in that stuck shopper mode of I know I need life insurance but I don't know what to do; it's too complicated. This simplifies it and it's working very well. Again, this will be very effective as we try to build relationships with the agents that are not focused on life insurance sales.

We are very pleased with the profitability of the sales that we have that are underway right now today. The products that we sell today are priced to achieve our targets. However, when you add up the capital that the last two years take up, the last two years of sales takes up less than 5% of our overall capital.

So when you do the math, the ability of new business to change the overall ROC needle is limited and so the only way we're going to move that needle is to take action on the in-force block. Like the term life transaction that we did last year, we see other opportunities to take action going forward.

So you can see that our projected ROC increase from the life business is between 250 and 300 basis points. The first thing to understand about the block is that it's not homogenous. Not every product, not every piece is earning 5.3%.

There are parts of the business that are very profitable, that we are very happy with and all we need to do is continue to manage them the way we have been. The remainder of the block I think of in three pieces: improve it, fix it, or sell it. What do I mean by that?

Well, improve it means addressing the margins in the product, maybe changing the interest rate spreads or increasing cost of insurance or changing other so-called nonguaranteed elements. That is a relatively small portion of the business and might contribute 10 to 20 basis points of ROC. The larger pieces are the fix it and sell it blocks.

Fix it means restructuring the financing of redundant reserves that was entered into in the months leading into the IPO. We see opportunities to achieve significantly lower-cost financing given the change in our condition, given the change in market conditions. And obviously this depends on that persisting, but we are pursuing those actively today and we see opportunity for significant improvement there.

Sell it can actually be thought of in two sub pieces. First, there are more opportunities like the one we pursued last summer -- the one we executed last summer, where we maintained administration but we sold off the underlying insurance risk, freeing up capital and improving ROC by 70 basis points for the business unit. We see more opportunities potentially. There are similar blocks where there are more opportunities that will look a lot like that.

In addition, there are other opportunities where we could potentially not only reinsure a less -- an undesirably profitable block, but also include the administration. And the reason we would do that is some of these blocks are on small, old, difficult to maintain, certainly difficult to convert administrative systems and we think there could be some particular efficiency in packaging that together to a reinsurance partner. That would reduce the expense of IT simplification and shorten the timeline as well by reducing the number of systems that we have to remediate.

And, finally, life insurance is a foundational element of any well-constructed plan and we think the fit with Voya's overall strategy is eminently clear. The products touch all the bases of plan, invest, and protect. Invest and protect is particularly important to us because it used to be our products were just on the protect side. And we have shifted our emphasis to be both, particularly with a focus on Indexed Universal Life.

The Voya Life Journey and the example I will show in just a couple of slides gives you a great example of how we're talking about this as part of an overall plan.

It works with all of our products across all of our businesses. The only distribution it doesn't work for is the Employee Benefits distribution, because it doesn't touch the customers in the same way, but we see a lot of connection between Life and the rest of Voya.

So this slide on -- this is an excerpt from the Voya Life Journey and it's an example of what I talked about, where a customer will grab the tablet from the agent and start playing with it. What this does is -- this is late in the process. We have gathered a bunch of information and now we're trying to help them understand where they sit relative to the income they are going to need and the protection that they need for their families or other significant others.

The slider allows them to customize their solution one way or the other -- I want to focus on retirement income, I want to focus on protection -- and it will adjust the solution accordingly to fit that need. They get a customized solution out of this and they have been engaged in the process. So we think this tool is a great example of how we're talking about life insurance in a broader context of holistic financial planning and the connection to the overall strategy of plan, invest, and protect.

In conclusion, we are reshaping the life business. We are focused on distribution that aligns with our value proposition and value-added approach. We need to remake the in-force block in order to achieve our 2018 ROC goals and we are a critical part of Voya's overall strategy. So we combine that with great growth opportunities in Employee Benefits. I am very excited about Insurance Solutions' future and I look forward to sharing our progress in the coming months and years.

So with that, thank you very much for your time and I will be glad to take a few questions.

QUESTIONS AND ANSWERS

Tom Gallagher - *Credit Suisse - Analyst*

Just a question on the stop-loss business. With 30% ROE right now -- and I heard what you said about you thought these were cyclically high ROE. But, nonetheless, are you seeing increased pricing competition there or is it a small enough market where it's not much of an issue?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

The stop-loss market is one that you really do most of your activity in the back half of the year, because most stop-loss runs from January to January. Through the last cycle, so I can talk specifically about that; it was competitive but rational. So we didn't -- I wouldn't say we saw an increasing competitive pressure. It was about what we had come to expect over the last several years.

We've seen nothing in the intervening period. There's a little bit of activity going on. We have seen nothing to tell us that that is going to change in any meaningful way and so we are gearing up right now for the 2016 selling cycle, so we're just now getting ready for that. And that activity actually starts now.

So we will get a better sense in the coming months as to where the rest of the competition goes, but at this point I have no reason to think it's going to be dramatically more competitive. I am very comfortable that we can continue to be where we have been.

Tom Gallagher - *Credit Suisse - Analyst*

The other question is, is the group business an area that we should think about longer-term block M&A? Would that make sense for that business?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

We certainly have talked about opportunities in the M&A space for this. I think, in general, it would need to be complementary with the overall strategy of pursuing the midmarket and products that worked with our product set. But that is certainly one of the options that is on the table for us.

Ron Bobman - *Capital Returns Management - Analyst*

Ron Bobman, Capital Returns. You mentioned the medical stop-loss business performing better than planned. To what magnitude was that relative to your expectations or your pricing?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

That's a good question. Our expectation for the loss ratio of stop-loss is in the 77 to 80 range and we have seen, and it varies by quarter, but they tended to be more in the 72, 73. We had one quarter that was actually 70.

I think -- and we've been asked, well, when are you going to change your target range? Our target range remains 77 to 80 based on our pricing expectations, but it has been from a loss ratio perspective 3%, 4%, 5%.

Suneet Kamath - *UBS - Analyst*

Thanks. On the fix-it bucket, I guess the redundant reserve restructuring; how significant could that be in terms of an ROC driver? And then what's the timing of when you might be able to renegotiate this?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

Significant -- I can't give a number, but it could be a major contributor to the overall improvement. I think the timing will depend on the opportunities that we are able to see and how quickly we can pull together the structures. These are complicated arrangements and it requires a number of parties to come together and ultimately achieve an overall new deal.

Suneet Kamath - *UBS - Analyst*

Have you done any of those to date?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

We have not done any to date.

Yaron Kinar - *Deutsche Bank - Analyst*

Yaron Kinar, Deutsche Bank. On the IULs, do you have -- do you expect to continue to outgrow the industry or take market share over the next four years?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

It's not a goal to take market share. I think our goal is to identify the right distribution partners and take share with those distribution partners that want to work with us. Whether that translates into market share growth or not is a little bit hard to say. I think we would be happy if it did, but that is not our objective.

Yaron Kinar - *Deutsche Bank - Analyst*

And one more on the IULs. I guess when I see a company growing at 2x versus the industry at about 25%; I guess it begs the question of how it is that you achieved that much stronger growth. Is it just because you started from a much smaller starting point, or is it just because you have a better net? What could you add to that?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

Great question. I think it's a combination of both, actually. First, it is a small base. Second, we were able to take advantage of a distribution -- of a fairly sophisticated and strong distribution force that had been working in a very different direction to the more commodity term and UL, the secondary guaranteed products. So we were able to, over time, take advantage of their skills and that led us to be in a position where we were able to accelerate fairly quickly.

They have a lot of connections; they have a lot of relationships. And once they understood how best to sell the Index Universal Life story, they were willing to make really rapid progress.

One more?

Eric Berg - *RBC Capital Markets - Analyst*

Thank you; Eric Berg, RBC. My understanding is that in a few weeks -- I guess more than a few weeks. In September agents will face tough new restrictions on what assumptions they may use in policy illustrations. How is that going to affect your business? How is that going to affect the whole business?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

There has been a lot of activity at the NAIC around a new illustration regulation. That is going to be potentially voted on Thursday, I believe, it is by the NAIC. Assuming that that gets approved, then -- and there is a potential that the effective dates may or may not change, but the September date is in the current draft.

So let's assume that that goes forward; our view is that, first of all, we welcome a leveling of the playing field and an agreement on the rules as to how illustration will be done, because there hasn't been necessarily uniformity in how companies have approached it. Second, we think that our products contain significant value for the consumer and how we have to talk about an illustration is not really harmed by our -- these new regulations. So we are pretty comfortable that we will be able to continue on the path that we have been on as it relates to Indexed Universal Life sales in the new environment.

We think these products do deliver significant customer value and we may have to change the way we explain that to some degree, but we are pretty comfortable we will be able to continue.

PRESENTATION

Darin Arita - *Voya Financial, Inc. - SVP, Investor Relations*

Thank you, Mike. Before I invite Rod to come up to deliver some closing remarks and also to open up to additional Q&A, just want to express gratitude to my Voya colleagues, many of whom are listening in via the webcast. Putting a day together like this requires tremendous amount of work across our businesses and our functions, as well as great teamwork. So thank you.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Let me also ask -- we've got a number of our Voya colleagues in the room and we will be finishing up formally here, having a Q&A and a reception with you all, but I would just like to them to stand so you can see who they are. Again, to extend my appreciation to all of them. So, Voya colleagues, thank you.

We are excited about the opportunity to help Americans get ready to retire better by planning, investing, and protecting their retirement. I know many of you have been asking for some period of time, we want to see more of the team, and we hope we've done that today. I firmly believe we have the right people, and every bit as importantly, we have the right businesses for our 2018 plan and objectives.

We are inviting you to continue with us on our journey as we aim to add even more value to our customers and to our shareholders. We are happy you're here. And with that I will ask my colleagues to join me on stage and we will invite your further questions.

QUESTIONS AND ANSWERS

Seth Weiss - *BofA Merrill Lynch - Analyst*

Thank you. Seth Weiss, Bank of America Merrill Lynch. A couple questions on capital. In the earlier remarks today talked about slight capital increase in terms of plan assumptions. Could you give a little bit more granularity by segment?

There is still repricing going on and, of course, initiatives if it's reinsurance or other fix-its and the like. So any granularity about how you expect each segment to grow would be very helpful.

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Seth, if you look at our five main segments in terms of trends, you should think about the following. In Retirement some increase in the required capital and that's really driven by the volume growth, so the increase in sales and assets and plans we expect to put on our books.

In annuities slight increase, minimal increase also driven by the commercial activities. There are still some runoff of the older blocks, but we're almost at the end of some of those older blocks, so a slight increase on a net basis. Think about Investment Management more or less flat; there might be a little bit of movement over time. Depends on those seed capital investments, what is happening there, if you need to launch new products, but it is usually on a temporary basis. And then we can take those seed capital investments out.

In Individual Life, as Mike has explained, we had some of the actions on the in-force block. There might be an opportunity to release some capital if we can take some actions and find external solutions. In Employee Benefits maybe a slight increase, again driven by the volume increase and the strategy to move to the middle market.

So in trends those are the main drivers, but overall the largest increase we expect will happen in the Retirement business. But on a net basis for the total it's just a slight increase.

Seth Weiss - *BofA Merrill Lynch - Analyst*

Okay, great. Then a follow-up in terms of the interest rate impact and your comfort level around a 425% target. You mentioned 10 to 60 percentage points of potential RBC impact if we stay at a 2% rate environment through 2018.

What is your comfort level bringing the capital base down to 425% today with that sensitivity in mind?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

With respect to our plans regarding dividends, 425% is still a level we think is appropriate. Over time we expect every year to grow the RBC ratio with statutory income, some reduction of required capital if we can find solutions, for example, in the Individual Life business. So there is no reason for us today that we would like to hold a larger RBC level than the 425%.

So our plan is we still have approximately $200 million in ordinary dividend capacity, $110 million we expect in June of this year, and the $90 million in December of this year. And then we will pass -- follow the path of extraordinary distributions in conversations with our regulators and that will be approximately $500 million, and that is the discussion we will have in the second half of this year. So no change in terms of the plans given our rate -- interest rate sensitivities.

Seth Weiss - *BofA Merrill Lynch - Analyst*

Thanks.

Ryan Krueger - *Keefe, Bruyette & Woods - Analyst*

Ryan Krueger, KBW. First, a follow-up on that. Does the 10 to 60 RBC points, does that include anything for VA or is it all other products?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

That does not include anything for VA, so that is all for the ongoing business, the impact and the interest rate sensitivity. Indirectly there is some link to VA because we want to make sure that VA is fine and that the negative interest rate environment is not creating additional capital requirements. So what you should see is indirectly there is not a negative impact that we have to add more to VA, but the 60 percent point on a cumulative basis growing to that 60 percent point in 2018 is more driven by your ongoing business.

Ryan Krueger - *Keefe, Bruyette & Woods - Analyst*

Okay. And then on capital management, can you talk a little bit more about how you're thinking about the common dividend? It's obviously very low right now. You are in a better position now; are you thinking about having a more meaningful dividend?

And then on a related note, when you think about share repurchase do the ING warrants come into play when you think about that?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Two great points. First of all, about ordinary dividends. The approach we have taken and the choice we have made is a very clean choice to focus on share repurchases because we feel that is the most value-enhancing way to deploy our excess capital today and especially with a price-to-book value that is below 1.

At some point in time, that particular situation will be gone or the undervaluation, how we look at it today will be much smaller. So there will be a natural point in time that we have to think about raising dividends, but we don't think that's the case today. Why we don't want to do it today is also, if you start to raise dividends, you have to do it in a meaningful way because then only it's interesting for investors.

And then you get the additional element of the 24 months holding company liquidity target that will go up, so that will take a very large chunk out of our excess capital today. Again, we want to make a clear and clean choice that we think that share repurchases today is the better way to go. Again, I think raising ordinary dividend is more a matter of timing and time will tell what is the right moment and that will also be path-dependent on the valuation of Voya itself.

Warrants is another interesting area. There are 26 million of warrants outstanding in the hands of ING Group. Exercise price $48.75; cannot be exercised before 2017. Can be sold. Expiration date is 2023. So that is the situation.

This was approximately 10% of the share base of Voya at the point of the IPO. Clearly, at some point we would like to make sure that there is not dilution coming out of these warrants, so there are different ways to go there. I don't want to go in too much detail. Valuation of warrants is highly dependent on some assumptions, especially the volatility assumption that will drive the valuation up or down, but we will develop plans over time to make sure that hopefully there are ways to avoid too much of the potential dilution out of these warrants.

Tom Gallagher - *Credit Suisse - Analyst*

Thanks. Just wanted to get your perspective on how we should think about the CBVA with regard to scenarios over the next two or three years. If interest rates don't go anywhere, but the block continues to run off, let's say, by lapses or 10% a year, is there a shot you will be able to start removing capital out of that block? Or do you really need a better, more constructive interest rate environment to begin to remove capital from CBVA?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

It's hard to give a general direction in terms of what will drive the ultimate situation when we are able to take capital out of VA, because that is ultimately a judgment call. Over time the potential range of outcomes of VA will become smaller and smaller, driven by the outflow on the book itself and the lapses, as you were saying, but also by the macroeconomic environment and the certainty around what will be the level of claims, how much the book will be in the money. And that is both driven by equity markets and interest rates.

So I wouldn't like to spend this on, if interest rates are at this and this level, then you can see a return of capital. It's a more holistic assessment of all of these elements together. But think about again this will be a multiyear time frame because just the indication we have shown to you at our last earnings call, think about those thousand stochastic scenarios. You see still quite a wide range of potential outcomes on this block, so whenever there is a more narrow range, I think that will be the right moment to think about capital return from VA.

Tom Gallagher - *Credit Suisse - Analyst*

Rod, I know you have talked about possible solutions or transactions related to CBVA, and I realize you can't answer this directly, but can you give some color around do you think transactions are feasible in this sort of macroeconomic environment? Or would we need to see something more constructive?

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

I think two things that will impact that. One is we have now had three years of our annual assumption review. We have suggested to all of our stakeholders to anticipate that being plus or minus $150 million in terms of that outcome. It has played exactly that way.

We've had two now enhanced annuitizations offered to further stimulate activity in terms of the runoff of that business. That is going to help. And rising interest rates would help or an improved macro environment would help.

If you think about the subcomponents of the block we had to disclose in our quarterly supplement -- we've got an IB block, a WB block, and other. I think you should think about the potential with a piece of that versus the whole thing.

And, again, we have been active from the very beginning. We've remained active. We put a plan together. I know I'm being repetitive to what I've said earlier today, but it's really critical I think to establish this foundation.

We put a plan together with real hard assets that we knew we could live with for the duration and we are highly aligned, 100% aligned with shareholders; if we can find a way to stimulate runoff of that business or sales of that piece of business. With you; we are fully aligned.

None of us were here when this book of business was written. We're not trying to defend decisions of the past. We are simply trying to do things that make economic sense against the backdrop of the resources we put against it. So an improved economy, which it is improving, slowly; a rising interest rate environment would help. And I think just the stability of this block over the last two or three years has certainly raised people's confidence about this block of business, as well it should. So it's going to take a little time.

Tom Gallagher - *Credit Suisse - Analyst*

And you have, what, $4 billion to $5 billion of hard assets backing that block?

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Five point --

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

$5.5 billion.

Tom Gallagher - *Credit Suisse - Analyst*

$5.5 billion with I believe surplus north of $1 billion and --.

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Correct, $1.3 billion.

Tom Gallagher - *Credit Suisse - Analyst*

$1.3 billion. Is there -- should we think about something that would be an acceptable price from the stand -- is there a line in the sand or --?

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

We're not going to sit here with this audience and debate -- we've been asked many different ways, actually very many creative ways from all of you in the --.

Tom Gallagher - *Credit Suisse - Analyst*

I just wanted to be real direct.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

And I greatly appreciate that. Look, we're not going to do a bid-ask on the book of business. We will do something that makes sense at a time and place it makes sense.

We put prudently the statement when we went public that don't expect a return sooner than five years. That was management's judgment in all of the men and women that are here in this room to just buy some time. We wanted to make sure we are protecting regulatory and rating agency capital from a surprise for shareholders, and I think that has served us very well.

If you look at the actions we have taken, by way of example, with our life block and the transaction we did last year, I think that should stimulate your thinking about the kinds of things that we're trying to engage in with our closed block VA, as well as continued management of our life block. That is where we are and are going to be actively engaged. And as soon as we have something that we think is worthy of further sharing, we will share it.

Tom Gallagher - *Credit Suisse - Analyst*

Then sorry to beat a dead horse on CBVA, but last question just on the -- I guess the NAIC initiative on captives. Where does that stand? What are the risks related to that, if you can frame it for us? What is a bad outcome? Where do you expect it to go?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Tom, there is not so much of news or developments since we had the conversation at our last earnings call, so nothing more that I can add at this point in time. It very much depends on if there are going to be grandfathering of existing structures what we discussed it at time. And I recall that you also agreed with that.

It's very rare in the history of the NAIC to apply a new regulation with a retroactive application, but we should see where that is going as well as what the accreditation ultimately will mean. Again, for us, it's most important that we avoid volatility on our hedge program and on our RBC, that's the potential risk. But we believe that it will be a constructive process and it will find a good solution for this.

Tom Gallagher - *Credit Suisse - Analyst*

Thanks.

Erik Bass - *Citi - Analyst*

Erik Bass, Citi. Alain, wanted to follow-up little bit on the growth initiatives. Obviously that's the biggest contributor to your ROC improvement.

Maybe -- you've talked a lot kind of the big picture drivers of where it's going, but maybe if you could give a little bit more granularity on what kind of things we should expect and follow to see that you are on track to meeting those targets. Whether it's flows, sales, or other metrics we should be looking at.

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

Maybe what I will do is ask some of our colleagues to address each of our businesses, but the growth initiatives that we talked about are the major ones: expanding our distribution reach in our Retirement business; continuing our growth in our Investment Management business, capitalizing on these great investment performance; and the Employee Benefits it's about that midmarket expansion and private exchange opportunities.

And working together -- you heard the theme of collaboration, working more together. Because in order to find the right solutions to the customers, it is going to require the skills of all of our businesses together as opposed to one business delivering a product. And maybe I would ask Charlie, Jeff, and Mike to address each of them.

Charlie Nelson - *Voya Financial, Inc. - CEO, Retirement*

Sure, I will start and we will just go down the line. Just building on what Alain said in terms of the distribution, expansion and the market reach, there's a lot of work that was done to look at where business growth is going to be in America. It's going to potentially drive future retirement sales, so it's also -- it's not just kind of growth in distribution, but it's strategically positioning our resources from a wholesaling perspective in those marketplaces where we anticipate future growth. As I mentioned in my remarks as well, some expansion in deepening our reach inside of existing markets such as the private K-12 market.

Jeff Becker - *Voya Financial, Inc. - CEO, Investment Management*

I mentioned specifically those initiatives unique to asset management around the retail space entering the insurance outsourcing space, also in defined contribution investment only. Those initiatives, in total, we can expect to add over the time frame that we talked about somewhere in the 20%-plus of increased top-line sales growth as new initiatives.

When we look at the enterprise-wide solutions, we're really working in multiple markets with our colleagues in the Retirement and Insurance business. We talked about some of those products; one where we combine a SPIA with a target payment fund, so that is both guaranteed and nonguaranteed income being put together in a solution. I mentioned the index target date suite zero rev share -- zero index target suite in the small to mid corporate 401(k) market, which we think can garner a meaningful portion of the flows as a default option in those markets.

Looking at the large end of the market around some of the very largest plans that we have as customers now in our Retirement business and introducing them to our Investment Management capabilities, particularly our custom target date capabilities, we have recently in the last year won the largest plans in the marketplace and are really building our credibility in that space. So there are just a number of initiatives across channels that should result in increasing sales and flows.

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

Erik, in terms of the things that we will be looking for as indicators of success, I think it will start with are we seeing growth in the premium in-force book -- period? And that will come through a combination of improved sales success. Largely -- that's kind of lumpy because it tends to be at the end of the year and really then show up in the first quarter, as well as a successful and healthy renewal process. And then trailed by achieving or beating our loss ratio targets in each of the key businesses.

So that is how we're going to evaluate our ability to -- and that's how -- if I were in your shoes, I would be looking for those things to try and understand whether we are on track or not.

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

And so, Erik, in terms of each of the businesses, each one will have different metrics. The net flows will be the result of sales and potential things that go away. So in the Retirement business we are still 4/5ths of the way in the repricing, so there's some lumpiness over the next year or two, but you should see improvement in sales and inflows.

In our annuities business you should see an increase in premiums. We still are running off some blocks, so the net amount will be of the two. The same in our Investment Management business. As the variable annuity block of business runs off that's a net flow negative for Investment Management business, but you ought to be able to see sales and increasing inflows in our Investment Management business. And as Mike said, the premium levels in our Individual Life and in our Employee Benefits business.

Erik Bass - *Citi - Analyst*

That's helpful. I guess for Retirement specifically, and realizing there is obviously going to be lumpiness, but as you look out over the plan period, so multiple years, is there a target that you have in mind for flows as a percentage of account value on an annual basis or a way to think about it that way? Again, thinking over a multiyear period.

Alain Karaoglan - *Voya Financial, Inc. - COO & CEO, Retirement and Investment Solutions*

As high as we can, that is an attractive return on equity.

Steven Schwartz - *Raymond James & Associates - Analyst*

Steven Schwartz, Raymond James. First for Mike. My understanding of the RGA block was that it wasn't really an issue so much with the block, but it was an issue of the financing costs and the financing costs actually went up as ING sold down. Is that an accurate statement?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

Let's talk about the RGA transaction or the term life transaction that we completed last year. That was primarily I think an inability for us to find a buyer with a more attractive financing opportunity than we were able to, and so that allowed for us to extract value from the business. So that was the primary reason the RGA transaction worked.

I think it's fair to say that, and particularly as we were approaching the IPO and because of the change of control provisions that were built into many of the previous financing agreements, we had to go renegotiate those at a time of need with an uncertain future as a new company. And that I think weighed on our ability to get attractive returns. And so what is changed now is we've got a track record, we are certainly in a much better position as an overall organization, and we are able -- we are seeing much more attractive terms being offered.

Steven Schwartz - *Raymond James & Associates - Analyst*

Sure. Are there buy -- I don't know if you would call them buyout clauses, but are there buyout clauses in these deals that you can get out from under, maybe at cost?

Mike Smith - *Voya Financial, Inc. - CEO, Insurance Solutions*

Every deal is different, Steven, so the answer to that is yes and no. Some do, some don't. That's part of the economic analysis that we will have to go through as we evaluate whether to pursue some of these transactions or not.

Steven Schwartz - *Raymond James & Associates - Analyst*

Okay. And then for Ewout; in March S&P did a conference call kind of introducing a new way of looking at captives and I think they were talking about XXX and AXXX. I don't know about VAs or not, but their idea was to look at it more holistically, put everything together, and then figure it all out.

Have you had any discussions with S&P on this?

Ewout Steenbergen - *Voya Financial, Inc. - CFO*

Absolutely and that is applicable on the whole industry, so that's not Voya-specific. That put out a new framework in terms of the way how to look at the capital, including a new look at the captives approach. That came out two or three weeks after they upgraded us. They will come back with a resolution on this particular matter in the near future, but our understanding is that -- you know how the rating agency works. At the moment they were thinking about upgrading Voya, they have been of course thinking and looking at this particular new framework and took that into account.

So I cannot give any statement before S&P will come out with the official resolution of the new framework. The way how we look at it and the way we understand it is at the point when S&P gave us the upgrade this was already in the back of their minds when they took their rating actions.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

As it relates to Voya.

Steven Schwartz - *Raymond James & Associates - Analyst*

Okay, all right, thank you.

Rod Martin - *Voya Financial, Inc. - Chairman & CEO*

Other questions? Seeing none, we would welcome you to join us in the foyer for a drink. Thank you very much.