Voya Financial, Inc.
Form 10-Q
August 07, 2015

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from _ to _

Commission File Number: _001-35897______________________________________

Voya Financial, Inc.

(Exact name of registrant as specified in its charter)	
Delaware	52-1222820
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
230 Park Avenue	
New York, New York	10169
(Address of principal executive offices)	(Zip Code)
(212) 309-8200	
(Registrant’s telephone number, including area code)	
Securities registered pursuant to Section 12(b) of the Act:	

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of July 31, 2015, 226,323,140 shares of Common Stock, $0.01 par value, were outstanding.

Voya Financial, Inc.
Form 10-Q for the period ended June 30, 2015

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

NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” and other words terms of similar meaning in connection with a discussion of future operating or financial performance. Actual results, performance or events may differ materially from those projected in any forward-looking statement due to, among other things, (i) general economic conditions, particularly economic conditions in our core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels, (v) persistency and lapse levels, (vi) interest rates, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities . Factors that may cause actual results to differ from those in any forward-looking statement also include those described under "Risk Factors," "Management’s Discussion and Analysis of Financial Condition and Results of Operations-Trends and Uncertainties" and "Business-Closed Blocks-CBVA" in the Annual Report on Form 10-K for the year ended December 31, 2014 (File No. 001-35897) (the "Annual Report on Form 10-K") and "Risk Factors," in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-35897).
The risks included here are not exhaustive. Current reports on Form 8-K and other documents filed with the Securities and Exchange Commission (“SEC”) include additional factors that could affect our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
Voya Financial, Inc.
Condensed Consolidated Balance Sheets
June 30, 2015 (Unaudited) and December 31, 2014
(In millions, except share and per share data)

	June 30, 2015	December 31, 2014 (As adjusted)
Assets:		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of $64,448.5 as of 2015 and $64,045.0 as of 2014)	$68,162.5	$69,910.3
Fixed maturities, at fair value using the fair value option	3,568.1	3,564.5
Equity securities, available-for-sale, at fair value (cost of $249.0 as of 2015 and $242.0 as of 2014)	279.6	271.8
Short-term investments	1,064.5	1,711.4
Mortgage loans on real estate, net of valuation allowance of $2.8 as of 2015 and 2014	10,366.7	9,794.1
Policy loans	2,034.1	2,104.0
Limited partnerships/corporations	471.8	363.2
Derivatives	1,429.3	1,819.6
Other investments	93.3	110.3
Securities pledged (amortized cost of $906.8 as of 2015 and $1,089.3 as of 2014)	976.5	1,184.6
Total investments	88,446.4	90,833.8
Cash and cash equivalents	2,495.5	2,530.9
Short-term investments under securities loan agreements, including collateral delivered	678.9	827.0
Accrued investment income	906.8	891.7
Reinsurance recoverable	7,269.1	7,116.9
Deferred policy acquisition costs and Value of business acquired	5,089.9	4,570.9
Sales inducements to contract holders	265.6	253.6
Deferred income taxes	1,671.8	1,299.9
Goodwill and other intangible assets	266.0	284.4
Other assets	1,100.3	990.6
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value	4,201.9	3,727.3
Cash and cash equivalents	463.4	710.4
Corporate loans, at fair value using the fair value option	6,973.9	6,793.1
Other assets	425.1	92.4
Assets held in separate accounts	106,330.5	106,007.8
Total assets	$226,585.1	$226,930.7

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

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Voya Financial, Inc.
Condensed Consolidated Balance Sheets
June 30, 2015 (Unaudited) and December 31, 2014
(In millions, except share and per share data)

	June 30, 2015	December 31, 2014 (As adjusted)
Liabilities and Shareholders' Equity:		
Future policy benefits	$15,748.5	$15,632.2
Contract owner account balances	69,844.7	69,319.5
Payables under securities loan agreements, including collateral held	1,251.4	1,445.0
Long-term debt	3,486.0	3,515.7
Funds held under reinsurance agreements	1,027.4	1,159.6
Derivatives	705.8	849.3
Pension and other postretirement provisions	789.7	826.2
Current income taxes	13.2	84.8
Other liabilities	1,169.4	1,333.2
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	6,986.6	6,838.1
Other liabilities	1,683.0	1,357.8
Liabilities related to separate accounts	106,330.5	106,007.8
Total liabilities	209,036.2	208,369.2
Shareholders' equity:		
Common stock ($0.01 par value per share; 900,000,000 shares authorized, 265,272,242 and 263,653,468 shares issued as of 2015 and 2014, respectively; 226,313,974 and 241,875,485 shares outstanding as of 2015 and 2014, respectively)	2.7	2.6
Treasury stock (at cost; 38,958,268 and 21,777,983 shares as of 2015 and 2014, respectively)	(1,570.5)	(807.0)
Additional paid-in capital	23,674.1	23,650.1
Accumulated other comprehensive income (loss)	2,109.2	3,103.7
Retained earnings (deficit):		
Appropriated-consolidated investment entities	(10.9)	20.4
Unappropriated	(9,348.8)	(9,823.6)
Total Voya Financial, Inc. shareholders' equity	14,855.8	16,146.2
Noncontrolling interest	2,693.1	2,415.3
Total shareholders' equity	17,548.9	18,561.5
Total liabilities and shareholders' equity	$226,585.1	$226,930.7

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

Voya Financial, Inc.
Condensed Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2015 and 2014 (Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 (As adjusted)	2015	2014 (As adjusted)
Revenues:				
Net investment income	$1,134.0	$1,120.9	$2,308.6	$2,266.5
Fee income	872.4	897.3	1,772.2	1,829.1
Premiums	667.2	629.4	1,276.0	1,230.3
Net realized capital gains (losses):				
Total other-than-temporary impairments	(8.0)	(2.6)	(10.6)	(5.9)
Less: Portion of other-than-temporary impairments recognized in Other comprehensive income (loss)	0.4	(0.1)	2.7	(0.1)
Net other-than-temporary impairments recognized in earnings	(8.4)	(2.5)	(13.3)	(5.8)
Other net realized capital gains (losses)	8.1	(362.0)	(246.5)	(545.3)
Total net realized capital gains (losses)	(0.3)	(364.5)	(259.8)	(551.1)
Other revenue	105.9	110.3	208.6	215.8
Income (loss) related to consolidated investment entities:				
Net investment income	257.0	300.5	353.9	382.0
Changes in fair value related to collateralized loan obligations	(42.3)	6.2	(34.6)	2.4
Total revenues	2,993.9	2,700.1	5,624.9	5,375.0
Benefits and expenses:				
Policyholder benefits	958.8	811.2	1,845.8	1,676.2
Interest credited to contract owner account balances	490.2	494.0	974.9	987.1
Operating expenses	771.0	758.3	1,539.8	1,547.8
Net amortization of Deferred policy acquisition costs and Value of business acquired	153.1	115.7	271.2	241.8
Interest expense	56.6	47.5	104.0	95.1
Operating expenses related to consolidated investment entities:				
Interest expense	74.7	49.5	137.2	95.7
Other expense	3.3	2.9	4.5	4.0
Total benefits and expenses	2,507.7	2,279.1	4,877.4	4,647.7
Income (loss) before income taxes	486.2	421.0	747.5	727.3
Income tax expense (benefit)	119.1	6.1	164.7	36.8
Net income (loss)	367.1	414.9	582.8	690.5
Less: Net income (loss) attributable to noncontrolling interest	81.9	166.6	108.0	180.1
Net income (loss) available to Voya Financial, Inc.'s common shareholders	$285.2	$248.3	$474.8	$510.4
Net income (loss) available to Voya Financial, Inc.'s common shareholders per common share:				
Basic	$1.25	$0.98	$2.03	$1.98
Diluted	$1.24	$0.97	$2.02	$1.96
Cash dividends declared per share of common stock	$0.01	$0.01	$0.02	$0.02

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

Voya Financial, Inc.
Condensed Consolidated Statements of Comprehensive Income
For the Three and Six Months Ended June 30, 2015 and 2014 (Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014 (As adjusted)	2015	2014 (As adjusted)
Net income (loss)	$367.1	$414.9	$582.8	$690.5
Other comprehensive income (loss), before tax:				
Unrealized gains (losses) on securities	(2,184.1)	879.1	(1,529.7)	1,989.2
Other-than-temporary impairments	3.7	8.7	9.4	24.3
Pension and other postretirement benefits liability	(3.5)	(3.5)	(6.9)	(6.9)
Other comprehensive income (loss), before tax	(2,183.9)	884.3	(1,527.2)	2,006.6
Income tax expense (benefit) related to items of other comprehensive income (loss)	(761.9)	309.1	(532.7)	703.0
Other comprehensive income (loss), after tax	(1,422.0)	575.2	(994.5)	1,303.6
Comprehensive income (loss)	(1,054.9)	990.1	(411.7)	1,994.1
Less: Comprehensive income (loss) attributable to noncontrolling interest	81.9	166.6	108.0	180.1
Comprehensive income (loss) attributable to Voya Financial, Inc.'s common shareholders	$(1,136.8)	$823.5	$(519.7)	$1,814.0

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

Voya Financial, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity
For the Six Months Ended June 30, 2015 (Unaudited)
(In millions)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Appropriated	Retained Earnings (Deficit) Unappropriated	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance as of January 1, 2015 - As adjusted	$ 2.6	$ (807.0)	$ 23,650.1	$ 3,103.7	$ 20.4	$ (9,823.6)	$ 16,146.2	$ 2,415.3	$ 18,561.5
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	474.8	474.8	108.0	582.8
Other comprehensive income (loss), after tax	—	—	—	(994.5)	—	—	(994.5)	—	(994.5)
Total comprehensive income (loss)							(519.7)	108.0	(411.7)
Reclassification of noncontrolling interest	—	—	—	—	(31.3)	—	(31.3)	31.3	—
Common stock acquired - Share repurchase	—	(759.0)	—	—	—	—	(759.0)	—	(759.0)
Dividends on common stock	—	—	(4.7)	—	—	—	(4.7)	—	(4.7)
Share-based compensation	0.1	(4.5)	28.7	—	—	—	24.3	—	24.3
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	138.5	138.5
Balance as of June 30, 2015	$ 2.7	$ (1,570.5)	$ 23,674.1	$ 2,109.2	$ (10.9)	$ (9,348.8)	$ 14,855.8	$ 2,693.1	$ 17,548.9

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

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

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit) Appropriated	Retained Earnings (Deficit) Unappropriated	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance as of January 1, 2014 - As adjusted	$ 2.6	$—	$23,563.7	$ 1,849.1	$18.4	$ (12,118.6)	$ 13,315.2	$ 2,241.8	$ 15,557.0
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	$ 510.4	510.4	180.1	690.5
Other comprehensive income (loss), after tax	—	—	—	1,303.6	—	—	1,303.6	—	1,303.6
Total comprehensive income (loss)							1,814.0	180.1	1,994.1
Reclassification of noncontrolling interest	—	—	—	—	5.9	—	5.9	(5.9)	—
Common stock acquired - Share repurchase	—	(289.4)	—	—	—	—	(289.4)	—	(289.4)
Dividends on common stock	—	—	(5.2)	—	—	—	(5.2)	—	(5.2)
Share-based compensation	—	(14.8)	41.4	—	—	—	26.6	—	26.6
Contributions from (Distributions to) noncontrolling interest, net	—	—	—	—	—	—	—	29.2	29.2
Balance as of June 30, 2014 - As adjusted	$ 2.6	$ (304.2)	$23,599.9	$ 3,152.7	$24.3	$ (11,608.2)	$ 14,867.1	$ 2,445.2	$ 17,312.3

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

Voya Financial, Inc.
Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2015 and 2014 (Unaudited)
(In millions)

	Six Months Ended June 30,	
	2015	2014
Net cash provided by operating activities	$1,483.2	$1,817.4
Cash Flows from Investing Activities:		
Proceeds from the sale, maturity, disposal or redemption of:		
Fixed maturities	5,164.6	6,095.4
Equity securities, available-for-sale	30.8	59.1
Mortgage loans on real estate	547.7	639.7
Limited partnerships/corporations	104.0	52.0
Acquisition of:		
Fixed maturities	(5,552.7)	(6,052.3)
Equity securities, available-for-sale	(38.0)	(13.5)
Mortgage loans on real estate	(1,119.5)	(818.6)
Limited partnerships/corporations	(207.4)	(170.9)
Short-term investments, net	646.9	272.2
Policy loans, net	69.9	33.3
Derivatives, net	(170.7)	(549.0)
Other investments, net	17.0	24.7
Sales from consolidated investment entities	2,440.0	1,790.0
Purchases within consolidated investment entities	(3,539.7)	(2,892.0)
Collateral received (delivered), net	(45.7)	85.2
Purchases of fixed assets, net	(24.0)	(18.9)
Net cash used in investing activities	(1,676.8)	(1,463.6)
Cash Flows from Financing Activities:		
Deposits received for investment contracts	3,628.0	3,798.5
Maturities and withdrawals from investment contracts	(3,367.2)	(4,505.2)
Repayment of debt with maturities of more than three months	(30.6)	—
Debt issuance costs	(6.8)	(16.8)
Borrowings of consolidated investment entities	832.8	191.0
Repayments of borrowings of consolidated investment entities	(404.6)	(38.7)
Contributions from (distributions to) participants in consolidated investment entities	255.0	828.0
Excess tax benefits on share-based compensation	1.5	—
Share-based compensation	(4.4)	(14.8)
Common stock acquired - Share repurchase	(740.8)	(289.4)
Dividends paid	(4.7)	(5.2)
Net cash provided by (used in) financing activities	158.2	(52.6)
Net (decrease) increase in cash and cash equivalents	(35.4)	301.2
Cash and cash equivalents, beginning of period	2,530.9	2,840.8
Cash and cash equivalents, end of period	$2,495.5	$3,142.0

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

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

1. Business, Basis of Presentation and Significant Accounting Policies

Business

Voya Financial, Inc. (which changed its name from ING U.S., Inc. on April 7, 2014) and its subsidiaries (collectively the “Company”) is a financial services organization in the United States that offers a broad range of retirement services, annuities, investment management services, mutual funds, life insurance, group insurance and supplemental health products. Prior to April 20, 2015, the Company provided principal products and services in three ongoing businesses—Retirement Solutions, Investment Management and Insurance Solutions—and reported results for the ongoing businesses through five segments. Effective April 20, 2015, the Company provides principal products and services in two ongoing businesses ("Ongoing Business")—Retirement and Investment Solutions; and Insurance Solutions. This change did not affect the Company's five ongoing operating segments. The Company also has a Corporate segment, which includes the financial data not directly related to the businesses, and Closed Block segments. See the Segments Note to these Condensed Consolidated Financial Statements.

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

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

In 2014, ING Group completed sales of 82,783,006 shares of common stock of Voya Financial, Inc. in three registered public offerings throughout the year (the "2014 Offerings"). In conjunction with each of these offerings, pursuant to the terms of share repurchase agreements between ING Group and Voya Financial, Inc., Voya Financial, Inc. acquired 19,447,847 shares of its common stock from ING Group (the “2014 Direct Share Repurchases”) (the 2014 Offerings and the 2014 Direct Share Repurchases collectively, the “2014 Transactions”). Upon completion of the 2014 Transactions, ING Group's ownership of Voya Financial, Inc. was reduced to approximately 19%.

On March 9, 2015, ING Group completed a sale of 32,018,100 shares of common stock of Voya Financial, Inc. in a registered public offering (the “March 2015 Offering”). Also on March 9, 2015, pursuant to the terms of a share repurchase agreement between ING Group and Voya Financial, Inc., Voya Financial, Inc. acquired 13,599,274 shares of its common stock from ING Group (the “March 2015 Direct Share Repurchase”) (the March 2015 Offering and the March 2015 Direct Share Repurchase collectively, the “March 2015 Transactions”). Upon completion of the March 2015 Transactions, ING Group has exited its stake in Voya Financial, Inc. common stock. ING Group continues to hold warrants to purchase up to 26,050,846 shares of Voya Financial, Inc. common stock at an exercise price of $48.75, in each case subject to adjustments. As a result of the completion of the March 2015 Transactions, ING Group has satisfied the provisions of its agreement with the European Union regarding the divestment of its U.S. insurance and investment operations, which required ING Group to divest 100% of its ownership interest in Voya Financial, Inc. together with its subsidiaries by the end of 2016.

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and are unaudited. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial

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

Statements and the reported amounts of revenues and expenses during the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates.

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

The accompanying Condensed Consolidated Financial Statements reflect adjustments (including normal, recurring adjustments) necessary to present fairly the financial position of the Company as of June 30, 2015, its results of operations and comprehensive income for the three and six months ended June 30, 2015 and 2014, and its changes in shareholders' equity and statements of cash flows for the six months ended June 30, 2015 and 2014, in conformity with U.S. GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2014 Consolidated Balance Sheet is from the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K, filed with the SEC. Therefore, these unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K.

Revision of Previously Issued Financial Statements

As part of the Company's ongoing process of validating actuarial models, the Company identified improper inputs to the calculation of the estimated fair value of the embedded derivative in certain of its guaranteed minimum withdrawal benefits with life payouts ("GMWBL") products. The products are included in the Company's Closed Block Variable Annuity ("CBVA") segment, and are no longer offered by the Company. The errors affected the Company's U.S. GAAP financial statements for periods prior to and including the three months ended March 31, 2015, and did not impact regulatory or rating agency capital. The errors did not affect our variable annuity policyholders in any manner.

Based on an analysis of quantitative and qualitative factors in accordance with SEC Staff Accounting Bulletins 99 and 108, the Company concluded that these errors were not material to the consolidated financial position, results of operations or cash flows as presented in the Company's quarterly and annual financial statements that have been previously filed in the Company's Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. As a result, amendment of such reports is not required. In preparing its financial statements for the three and six months ended June 30, 2015, the Company has made appropriate revisions to its financial statements for historical periods. Such changes are reflected in the financial results for the three and six months ended June 30, 2014 and as of December 31, 2014 included in these interim financial statements and will also be reflected in the historical financial results included in the Company's subsequent quarterly and annual consolidated financial statements.

The correction results in changes to the liabilities with the corresponding tax effects as follows:
(a) Liabilities: Lower Future policy benefits, with the change recorded in Other net realized capital gains (losses).
(b) Assets: Lower Deferred income taxes (after considering the impacts of valuation allowances), with the change recorded as Income tax expense (benefit).

The following tables quantify the prior period impact of this revision.

Balance Sheets:

	December 31, 2014			December 31, 2013		
	As originally reported	Effect of change	As adjusted	As originally reported	Effect of change	As adjusted
Deferred income taxes	$1,320.6	$(20.7)	$1,299.9	$162.1	$—	$162.1
Future policy benefits	15,691.2	(59.0)	15,632.2	14,098.4	(43.0)	14,055.4
Retained earnings (deficit) - Unappropriated	(9,861.9)	38.3	(9,823.6)	(12,161.6)	43.0	(12,118.6)

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

Statements of Operations:

	Three Months Ended June 30, 2014			Six Months Ended June 30, 2014		
	As originally reported	Effect of change	As adjusted	As originally reported	Effect of change	As adjusted
Other net realized capital gains (losses)	$(364.0)	$2.0	$(362.0)	$(551.3)	$6.0	$(545.3)
Income tax expense (benefit)	6.1	—	6.1	36.8	—	36.8
Net income (loss)	412.9	2.0	414.9	684.5	6.0	690.5
Net income (loss) available to Voya Financial, Inc.'s common shareholders	246.3	2.0	248.3	504.4	6.0	510.4
Net income (loss) available to Voya Financial, Inc.'s common shareholders per share:						
Basic	$0.97	$0.01	$0.98	$1.96	$0.02	$1.98
Diluted	$0.96	$0.01	$0.97	$1.94	$0.02	$1.96

	Three Months Ended March 31, 2015		
	As originally reported	Effect of change	As adjusted
Other net realized capital gains (losses)	$(259.6)	$5.0	$(254.6)
Income tax expense (benefit)	44.7	0.9	45.6
Net income (loss)	211.6	4.1	215.7
Net income (loss) available to Voya Financial, Inc.'s common shareholders	185.5	4.1	189.6
Net income (loss) available to Voya Financial, Inc.'s common shareholders per share:			
Basic	$0.78	$0.02	$0.80
Diluted	$0.77	$0.02	$0.79

Additionally, the impact of this revision to Income (loss) before income taxes was $16.0, $(2.0) and $17.0 for the years ended December 31, 2014, 2013 and 2012, respectively.

Certain of the prior period line items in the condensed consolidated statements of comprehensive income, cash flows and shareholders' equity were immaterially affected by the revision of previously issued financial statements. All of the line item changes in the condensed consolidated statements of cash flows were included in the operating activities section. There were no changes to the condensed consolidated statements of comprehensive income and condensed consolidated statements of shareholders' equity, except for the effects of the changes described above.

Adoption of New Pronouncements

Repurchase Agreements

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

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The provisions of ASU 2014-11 were adopted by the Company on January 1, 2015, with the exception of disclosure amendments for repurchase agreements, securities lending transactions and repurchase-to-maturity transactions that are accounted for as secured borrowings, which were adopted April 1, 2015. The adoption of the January 1, 2015 provisions had no effect on the Company's financial condition, results of operations or cash flows. The April 1, 2015 disclosure provisions are included in the Investments (excluding Consolidated Investment Entities) Note to these Condensed Consolidated Financial Statements.

Discontinued Operations and Disposals

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

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

The provisions of ASU 2014-08 were adopted prospectively by the Company on January 1, 2015. The adoption had no effect on the Company's financial condition, results of operations or cash flows.

Future Adoption of Accounting Pronouncements

Short-Duration Contracts

In May 2015, the FASB issued ASU 2015-09, "Financial Services - Insurance (ASC Topic 944): Disclosures about Short-Duration Contracts" ("ASU 2015-09"), which requires insurance entities to disclose, for annual reporting periods, information about the liability for unpaid claims and claim adjustment expenses and about significant changes in methodologies and assumptions used to calculate the liability for unpaid claims and claims adjustment expenses. The standard also requires entities to disclose, for annual and interim reporting periods, a rollforward of the liability for unpaid claims and claim adjustment expenses.

The provisions of ASU 2015-09 are effective, retrospectively, for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016, with early adoption permitted. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2015-09.

Investments That Calculate Net Asset Value

In May 2015, the FASB issued ASU 2015-07, "Fair Value Measurement (ASC Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)" ("ASU 2015-07"), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. In addition, the standard limits certain disclosures to investments for which the entity has elected to measure the fair value using the practical expedient, rather than for all investments that are eligible to be measured at fair value using the net asset value per share.

The provisions of ASU 2015-07 are effective, retrospectively, for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2015-07.

Internal-Use Software

In April 2015, the FASB issued ASU 2015-05, "Intangibles - Goodwill and Other-Internal-Use Software (ASC Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement" ("ASU 2015-05"), which clarifies that customers should account for software licenses included in cloud computing arrangements (ex. software as a service) consistent with the acquisition of other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract.

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The provisions of ASU 2015-05 are effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. The amendments can be applied prospectively or retrospectively. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2015-05.

Defined Benefit Plans

In April 2015, the FASB issued ASU 2015-04, "Compensation - Retirement Benefits (ASC Topic 715): Practical Expedient for the Measurement Date of an Employer's Defined Benefit Obligation and Plan Assets" ("ASU 2015-04"), which permits remeasurement of defined benefit plan assets and obligations resulting from the occurrence of a significant event using the month-end that is closest to the date of the event.

The provisions of ASU 2015-04 are effective, prospectively, for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The Company does not expect ASU 2015-04 to have an impact.

Debt Issuance Costs

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (ASC Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"), which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability.

The provisions of ASU 2015-03 are effective, retrospectively, for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2015-03.

Consolidation

In February 2015, the FASB issued ASU 2015-02, “Consolidation (ASC Topic 810): Amendments to the Consolidation Analysis” (“ASU 2015-02”), which:

- Modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or VOEs, including the requirement to consider the rights of all equity holders at risk to determine if they have the power to direct the entity's most significant activities.
- Eliminates the presumption that a general partner should consolidate a limited partnership. Limited partnerships and similar entities will be VIEs unless the limited partners hold substantive kick-out rights or participating rights.
- Affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships.
- Provides a new scope exception for registered money market funds and similar unregistered money market funds, and ends the deferral granted to investment companies from applying the VIE guidance.

The provisions of ASU 2015-02 are effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted, using either a retrospective or modified retrospective approach. The Company is currently in the process of determining the impact of the adoption of the provisions of ASU 2015-02.

Going Concern

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

The provisions of ASU 2014-15 are effective for annual periods ending after December 15, 2016, and annual and interim periods thereafter. The Company does not expect ASU 2014-15 to have an impact.

Collateralized Financing Entities

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

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

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

Share-based Payments

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

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

Revenue from Contracts with Customers

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

In July 2015, the FASB voted to amend the effective date of ASU 2014-09 to fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted as of the original effective date, which is January 1, 2017. The provisions of ASU 2014-09 are effective retrospectively. The Company is currently in the process of determining the impact of adoption of the provisions of ASU 2014-09.

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2. Investments (excluding Consolidated Investment Entities)

Fixed Maturities and Equity Securities

Available-for-sale and fair value option ("FVO") fixed maturities and equity securities were as follows as of June 30, 2015:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$2,773.9	$457.8	$0.1	$—	$3,231.6	$—
U.S. Government agencies and authorities	375.8	44.9	—	—	420.7	—
State, municipalities and political subdivisions	839.4	20.5	19.3	—	840.6	—
U.S. corporate public securities	32,483.1	1,989.2	423.1	—	34,049.2	9.6
U.S. corporate private securities	6,201.0	288.8	83.9	—	6,405.9	—
Foreign corporate public securities and foreign governments[1]	8,183.2	389.8	144.5	—	8,428.5	—
Foreign corporate private securities[1]	7,425.0	414.9	34.3	—	7,805.6	—
Residential mortgage-backed securities:						
Agency	4,648.9	415.2	15.8	64.3	5,112.6	0.4
Non-Agency	864.2	149.3	7.4	39.0	1,045.1	53.5
Total Residential mortgage-backed securities	5,513.1	564.5	23.2	103.3	6,157.7	53.9
Commercial mortgage-backed securities	3,808.6	188.2	9.1	—	3,987.7	6.7
Other asset-backed securities	1,320.3	73.7	14.4	—	1,379.6	6.4
Total fixed maturities, including securities pledged	68,923.4	4,432.3	751.9	103.3	72,707.1	76.6
Less: Securities pledged	906.8	85.3	15.6	—	976.5	—
Total fixed maturities	68,016.6	4,347.0	736.3	103.3	71,730.6	76.6
Equity securities:						
Common stock	198.6	0.5	0.2	—	198.9	—
Preferred stock	50.4	30.3	—	—	80.7	—
Total equity securities	249.0	30.8	0.2	—	279.6	—
	$68,265.6	$4,377.8	$736.5	$103.3	$72,010.2	$76.6

Total fixed maturities and equity
securities investments

(1) Primarily U.S. dollar denominated.

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

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

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Available-for-sale and FVO fixed maturities and equity securities were as follows as of December 31, 2014:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$3,279.0	$625.9	$0.9	$—	$3,904.0	$—
U.S. Government agencies and authorities	376.1	59.8	—	—	435.9	—
State, municipalities and political subdivisions	659.5	35.4	0.5	—	694.4	—
U.S. corporate public securities	31,415.6	3,067.8	139.7	—	34,343.7	10.2
U.S. corporate private securities	6,009.9	411.4	24.2	—	6,397.1	—
Foreign corporate public securities and foreign governments[1]	7,975.0	515.3	101.1	—	8,389.2	—
Foreign corporate private securities[1]	7,556.6	515.3	16.9	—	8,055.0	—
Residential mortgage-backed securities:						
Agency	4,983.3	421.0	13.0	72.5	5,463.8	0.4
Non-Agency	989.4	168.9	8.6	43.3	1,193.0	62.1
Total Residential mortgage-backed securities	5,972.7	589.9	21.6	115.8	6,656.8	62.5
Commercial mortgage-backed securities	3,916.3	273.3	1.4	—	4,188.2	6.7
Other asset-backed securities	1,538.1	74.3	17.3	—	1,595.1	6.6
Total fixed maturities, including securities pledged	68,698.8	6,168.4	323.6	115.8	74,659.4	86.0
Less: Securities pledged	1,089.3	109.2	13.9	—	1,184.6	—
Total fixed maturities	67,609.5	6,059.2	309.7	115.8	73,474.8	86.0
Equity securities:						
Common stock	191.5	0.5	0.2	—	191.8	—
Preferred stock	50.5	29.5	—	—	80.0	—
Total equity securities	242.0	30.0	0.2	—	271.8	—
Total fixed maturities and equity securities investments	$67,851.5	$6,089.2	$309.9	$115.8	$73,746.6	$86.0

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

(3) Represents OTTI reported as a component of Other comprehensive income (loss).

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The amortized cost and fair value of fixed maturities, including securities pledged, as of June 30, 2015, are shown below by contractual maturity. Actual maturities may differ from contractual maturities as securities may be restructured, called or prepaid. Mortgage-backed securities ("MBS") and Other asset-backed securities ("ABS") are shown separately because they are not due at a single maturity date.

	Amortized Cost	Fair Value
Due to mature:		
One year or less	$1,803.3	$1,825.8
After one year through five years	12,607.6	13,257.7
After five years through ten years	20,249.3	20,720.6
After ten years	23,621.2	25,378.0
Mortgage-backed securities	9,321.7	10,145.4
Other asset-backed securities	1,320.3	1,379.6
Fixed maturities, including securities pledged	$68,923.4	$72,707.1

The investment portfolio is monitored to maintain a diversified portfolio on an ongoing basis. Credit risk is mitigated by monitoring concentrations by issuer, sector and geographic stratification and limiting exposure to any one issuer.

As of June 30, 2015 and December 31, 2014, the Company did not have any investments in a single issuer, other than obligations of the U.S. Government and government agencies, with a carrying value in excess of 10% of the Company’s condensed consolidated Shareholders' equity.

The following tables set forth the composition of the U.S. and foreign corporate securities within the fixed maturity portfolio by industry category as of the dates indicated:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Fair Value
June 30, 2015				
Communications	$3,947.5	$317.0	$37.0	$4,227.5
Financial	7,643.0	526.6	45.8	8,123.8
Industrial and other companies	31,596.3	1,496.4	483.2	32,609.5
Utilities	8,645.3	600.0	80.1	9,165.2
Transportation	1,602.2	98.7	22.2	1,678.7
Total	$53,434.3	$3,038.7	$668.3	$55,804.7
December 31, 2014				
Communications	$3,934.5			