Voya Financial, Inc.
Form 10-Q
May 12, 2014

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

FORM 10-Q
(Mark One)

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

For the quarterly period ended March 31, 2014

OR

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

For the transition period from _ to _

Commission File Number: _001-35897_____________________________________

Voya Financial, Inc.

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

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

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

Indicate by check mark whether the registrant (1) has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At May 6, 2014, 254,594,220 shares of Common Stock, $0.01 par value, were outstanding.

Voya Financial, Inc.
Form 10-Q for the period ended March 31, 2014

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NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” and other words terms of similar meaning in connection with a discussion of future operating or financial performance. Actual results, performance or events may differ materially from those projected in any forward-looking statement due to, among other things, (i) general economic conditions, particularly economic conditions in our core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels, (v) persistency and lapse levels, (vi) interest rates, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations and (x) changes in the policies of governments and/or regulatory authorities. Factors that may cause actual results to differ from those in any forward-looking statement also include those described under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations-Trends and Uncertainties" and "Business-Closed Blocks-CBVA" in the Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-35897) (the "Annual Report on Form 10-K").
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
March 31, 2014 (Unaudited) and December 31, 2013
(In millions, except share and per share data)

	March 31, 2014	December 31, 2013
Assets:		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of $65,607.9 at 2014 and $65,033.8 at 2013)	$70,449.7	$68,317.8
Fixed maturities, at fair value using the fair value option	3,082.1	2,935.3
Equity securities, available-for-sale, at fair value (cost of $244.8 at 2014 and $267.4 at 2013)	276.6	314.4
Short-term investments	1,046.2	1,048.1
Mortgage loans on real estate, net of valuation allowance of $3.4 at 2014 and $3.8 at 2013	9,258.1	9,312.2
Policy loans	2,119.7	2,147.0
Limited partnerships/corporations	218.9	236.4
Derivatives	1,044.7	1,149.3
Other investments	124.1	124.6
Securities pledged (amortized cost of $1,230.3 at 2014 and $1,457.9 at 2013)	1,271.3	1,465.7
Total investments	88,891.4	87,050.8
Cash and cash equivalents	2,499.8	2,840.8
Short-term investments under securities loan agreements, including collateral delivered	558.6	552.9
Accrued investment income	935.6	897.1
Reinsurance recoverable	6,785.8	6,702.2
Deferred policy acquisition costs and Value of business acquired	4,860.8	5,351.6
Sales inducements to contract holders	258.6	279.0
Deferred income taxes	—	162.1
Goodwill and other intangible assets	312.5	323.7
Other assets	1,016.1	1,036.5
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value	3,382.4	3,218.6
Cash and cash equivalents	570.0	710.7
Corporate loans, at fair value using the fair value option	5,490.7	4,965.3
Other assets	108.4	104.8
Assets held in separate accounts	107,840.0	106,827.1
Total assets	$223,510.7	$221,023.2

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

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

	March 31, 2014	December 31, 2013
Liabilities and Shareholders' Equity:		
Future policy benefits	$14,532.6	$14,098.4
Contract owner account balances	69,723.5	69,908.3
Payables under securities loan agreements, including collateral held	864.5	769.4
Long-term debt	3,515.0	3,514.7
Funds held under reinsurance agreements	1,174.5	1,181.5
Derivatives	1,013.5	1,351.8
Pension and other post-employment provisions	467.5	474.9
Current income taxes	3.5	44.1
Deferred income taxes	272.1	—
Other liabilities	1,243.0	1,274.1
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	5,525.5	5,161.6
Other liabilities	967.5	903.3
Liabilities related to separate accounts	107,840.0	106,827.1
Total liabilities	207,142.7	205,509.2
Shareholders' equity:		
Common stock ($0.01 par value per share; 900,000,000 shares authorized, 262,625,547 and 261,754,931 shares issued as of 2014 and 2013, respectively; 254,734,166 and 261,675,811 shares outstanding as of 2014 and 2013, respectively)	2.6	2.6
Treasury stock (at cost; 7,891,381and 79,120 shares as of 2014 and 2013, respectively)	(269.8)	—
Additional paid-in capital	23,579.5	23,563.7
Accumulated other comprehensive income (loss)	2,577.5	1,849.1
Retained earnings (deficit):		
Appropriated-consolidated investment entities	15.2	18.4
Unappropriated	(11,903.5)	(12,161.6)
Total Voya Financial, Inc. shareholders' equity	14,001.5	13,272.2
Noncontrolling interest	2,366.5	2,241.8
Total shareholders' equity	16,368.0	15,514.0
Total liabilities and shareholders' equity	$223,510.7	$221,023.2

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

Voya Financial, Inc.
Condensed Consolidated Statements of Operations
For the Three Months Ended March 31, 2014 and 2013 (Unaudited)
(In millions, except per share data)

	Three Months Ended March 31,	
	2014	2013
Revenues:		
Net investment income	$1,145.6	$1,198.7
Fee income	931.8	891.9
Premiums	600.9	471.9
Net realized gains (losses):		
Total other-than-temporary impairments	(3.3)	(11.6)
Less: Portion of other-than-temporary impairments recognized in Other comprehensive income (loss)	—	(0.6)
Net other-than-temporary impairments recognized in earnings	(3.3)	(11.0)
Other net realized capital gains (losses)	(187.3)	(863.8)
Total net realized capital gains (losses)	(190.6)	(874.8)
Other revenue	105.5	95.6
Income (loss) related to consolidated investment entities:		
Net investment income (loss)	81.5	44.2
Changes in fair value related to collateralized loan obligations	(3.8)	(8.9)
Total revenues	2,670.9	1,818.6
Benefits and expenses:		
Policyholder benefits	865.0	540.5
Interest credited to contract owner account balance	493.1	520.9
Operating expenses	789.5	759.1
Net amortization of deferred policy acquisition costs and value of business acquired	126.1	130.5
Interest expense	47.6	44.4
Operating expenses related to consolidated investment entities:		
Interest expense	46.2	36.8
Other expense	1.1	0.7
Total benefits and expenses	2,368.6	2,032.9
Income (loss) before income taxes	302.3	(214.3)
Income tax expense (benefit)	30.7	11.2
Net income (loss)	271.6	(225.5)
Less: Net income (loss) attributable to noncontrolling interest	13.5	(13.5)
Net income (loss) available to Voya Financial, Inc.'s common shareholders	$258.1	$(212.0)
Net income (loss) available to Voya Financial, Inc.'s common shareholders per common share:		
Basic	$0.99	$(0.92)
Diluted	$0.98	$(0.92)
Cash dividends declared per share of common stock	$0.01	$—

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

Voya Financial, Inc.
Condensed Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2014 and 2013 (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2014	2013
Net income (loss)	$271.6	$(225.5)
Other comprehensive income (loss), before tax:		
Unrealized gains (losses) on securities	1,110.1	(399.9)
Other-than-temporary impairments	15.6	10.9
Pension and other postretirement benefits liability	(3.4)	(3.5)
Other comprehensive income (loss), before tax	1,122.3	(392.5)
Income tax expense (benefit) related to items of other comprehensive income (loss)	393.9	(134.6)
Other comprehensive income (loss), after tax	728.4	(257.9)
Comprehensive income (loss)	1,000.0	(483.4)
Less: Comprehensive income (loss) attributable to the noncontrolling interest	13.5	(13.5)
Comprehensive income (loss) attributable to Voya Financial, Inc.'s common shareholders	$986.5	$(469.9)

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 Three Months Ended March 31, 2014 and 2013 (Unaudited)
(In millions)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)		Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
					Appropriated	Unappropriated			
Balance at January 1, 2014	$ 2.6	$—	$23,563.7	$ 1,849.1	$18.4	$ (12,161.6)	$13,272.2	$ 2,241.8	$ 15,514.0
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	258.1	258.1	13.5	271.6
Other comprehensive income (loss), after tax	—	—	—	728.4	—	—	728.4	—	728.4
Total comprehensive income (loss)							986.5	13.5	1,000.0
Reclassification of noncontrolling interest	—	—	—	—	(3.2)	—	(3.2)	3.2	—
Common stock acquired - Share buyback	—	(258.9)	—	—	—	—	(258.9)	—	(258.9)
Dividends on common stock	—	—	(2.6)	—	—	—	(2.6)	—	(2.6)
Share-based compensation	—	(10.9)	18.4	—	—	—	7.5	—	7.5
Contribution from (Distribution to) noncontrolling interest, net	—	—	—	—	—	—	—	108.0	108.0
Balance at March 31, 2014	$ 2.6	$(269.8)	$23,579.5	$ 2,577.5	$15.2	$ (11,903.5)	$14,001.5	$ 2,366.5	$ 16,368.0

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)		Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
					Appropriated	Unappropriated			
Balance at January 1, 2013	$ 2.3	—	$22,917.6	$ 3,710.7	$6.4	$ (12,762.1)	$13,874.9	$ 2,186.3	$ 16,061.2
Comprehensive income (loss):									

Net income (loss)	—	—	—	—	—	(212.0)	(212.0)	(13.5)	(225.5)
Other comprehensive income (loss), after tax	—	—	—	(257.9)	—	—	(257.9)	—	(257.9)
Total comprehensive income (loss)							(469.9)	(13.5)	(483.4)
Reclassification of noncontrolling interest	—	—	—	—	(6.2)	—	(6.2)	6.2	—
Common stock acquired - Share buyback	—	—	—	—	—	—	—	—	—
Dividends on common stock	—	—	—	—	—	—	—	—	—
Share-based compensation	—	—	(7.7)	—	—	—	(7.7)	—	(7.7)
Contribution from (Distribution to) noncontrolling interest, net	—	—	—	—	—	—	—	28.8	28.8
Balance at March 31, 2013	$ 2.3	$ —	$ 22,909.9	$ 3,452.8	$ 0.2	$ (12,974.1)	$ 13,391.1	$ 2,207.8	$ 15,598.9

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

Voya Financial, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2014 and 2013 (Unaudited)
(In millions)

	Three Months Ended March 31,	
	2014	2013
Net cash provided by (used in) operating activities	$786.6	$(28.4)
Cash Flows from Investing Activities:		
Proceeds from the sale, maturity, disposal or redemption of:		
Fixed maturities	2,629.7	4,455.8
Equity securities, available-for-sale	47.7	28.4
Mortgage loans on real estate	307.4	318.3
Limited partnerships/corporations	60.9	18.0
Acquisition of:		
Fixed maturities	(3,057.2)	(4,802.8)
Equity securities, available-for-sale	(7.4)	(9.4)
Mortgage loans on real estate	(252.9)	(581.4)
Limited partnerships/corporations	(18.4)	(9.8)
Short-term investments, net	1.9	2,999.1
Policy loans, net	27.3	(4.1)
Derivatives, net	(178.6)	(1,089.6)
Other investments, net	2.0	11.8
Sales from consolidated investment entities	571.8	573.8
Purchases within consolidated investment entities	(1,258.8)	(613.8)
Collateral received (delivered), net	89.4	(360.5)
Purchases of fixed assets, net	(8.7)	(6.6)
Net cash (used in) provided by investing activities	(1,043.9)	927.2
Cash Flows from Financing Activities:		
Deposits received for investment contracts	2,500.0	2,936.2
Maturities and withdrawals from investment contracts	(2,809.7)	(2,996.6)
Proceeds from issuance of debt with maturities of more than three months	—	1,000.6
Repayment of debt with maturities of more than three months	—	(1,304.6)
Short-term debt, net	—	(169.7)
Debt issuance costs	(16.7)	(6.5)
Borrowings of consolidated investment entities	28.4	—
Contributions from (distributions to) participants in consolidated investment entities	466.9	642.7
Common stock acquired - Share buyback	(250.0)	—
Dividends paid	(2.6)	—
Net cash (used in) provided by financing activities	(83.7)	102.1
Net (decrease) increase in cash and cash equivalents	(341.0)	1,000.9
Cash and cash equivalents, beginning of period	2,840.8	1,786.8
Cash and cash equivalents, end of period	$2,499.8	$2,787.7
Supplemental cash flow information:		
Income taxes paid (received), net	$31.0	$(3.2)
Interest paid	67.2	55.1

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, guaranteed investment contracts and funding agreements. The Company provides its principal products and services in three businesses (Retirement Solutions, Investment Management and Insurance Solutions) and reports results through five ongoing operating segments, including Retirement, Annuities, Investment Management, Individual Life and Employee Benefits. The Company also has a Corporate segment, which includes the financial data not directly related to the businesses, and Closed Block segments. See Note 14. Segments to these Condensed Consolidated Financial Statements.

In 2009, 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, 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 in the future 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 ING U.S., 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 shares of ING U.S., Inc. common stock to ING Group.

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

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

Basis of Presentation

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

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

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 Note 13. Consolidated Investment Entities to these Condensed Consolidated Financial Statements. Intercompany transactions and balances have been eliminated.

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

Adoption of New Pronouncements

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

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

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

Investment Companies
In June 2013, the FASB issued ASU 2013-08, "Financial Services-Investment Companies (ASC Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements" ("ASU 2013-08"), which provides comprehensive guidance for assessing whether an entity is an investment company and requires an investment company to measure noncontrolling ownership interests in other investment companies at fair value. ASU 2013-08 also requires an entity to disclose that it is an investment company and any changes to that status, as well as information about financial support provided or required to be provided to investees.

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

Joint and Several Liability Arrangements
In February 2013, the FASB issued ASU 2013-04, "Liabilities (ASC Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date" ("ASU 2013-04"), which requires an entity to measure obligations resulting from joint and several liable arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of

(1) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (2) any additional amount it expects to pay on behalf of its co-obligors. ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation, as well as other information about those obligations. The adoption had no effect on the Company's financial condition, results of operations or cash flows, as the Company did not have any fixed obligations under joint and several liable arrangements as of January 1, 2014.

Fees Paid to the Federal Government by Health Insurers

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

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

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

Future Adoption of Accounting Pronouncements

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

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

The provisions of ASU 2014-08 are effective for annual periods beginning after December 15, 2014 and for interim periods beginning after December 15, 2015. The amendments should be applied prospectively to disposals and classifications as held for sale that occur within those periods. The Company does not expect ASU 2014-08 to have an impact on its financial condition, results of operations, cash flows or disclosures, as the Company does not have any discontinued operations as of March 31, 2014.

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

2. Investments (excluding Consolidated Investment Entities)

Fixed Maturities and Equity Securities

Available-for-sale and fair value option ("FVO") fixed maturities and equity securities were as follows as of March 31, 2014:

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$4,991.6	$315.6	$44.1	$—	$5,263.1	$—
U.S. Government agencies and authorities	610.6	33.7	0.2	—	644.1	—
State, municipalities and political subdivisions	276.5	17.5	0.4	—	293.6	—
U.S. corporate securities	36,658.8	2,876.3	361.6	—	39,173.5	11.8
Foreign securities[1]:						
Government	886.3	45.0	24.1	—	907.2	—
Other	14,859.9	1,062.2	88.7	—	15,833.4	—
Total foreign securities	15,746.2	1,107.2	112.8	—	16,740.6	—
Residential mortgage-backed securities:						
Agency	5,319.7	432.7	41.9	76.2	5,786.7	0.3
Non-Agency	1,054.7	175.3	10.9	46.9	1,266.0	93.3
Total Residential mortgage-backed securities	6,374.4	608.0	52.8	123.1	7,052.7	93.6
Commercial mortgage-backed securities	3,472.8	323.9	0.6	—	3,796.1	—
Other asset-backed securities	1,789.4	81.4	31.4	—	1,839.4	5.0
Total fixed maturities, including securities pledged	69,920.3	5,363.6	603.9	123.1	74,803.1	110.4
Less: Securities pledged	1,230.3	50.4	9.4	—	1,271.3	—
Total fixed maturities	68,690.0	5,313.2	594.5	123.1	73,531.8	110.4
Equity securities:						
Common stock	194.3	2.3	0.2	—	196.4	—
Preferred stock	50.5	29.7	—	—	80.2	—
Total equity securities	244.8	32.0	0.2	—	276.6	—

Total fixed maturities and equity securities investments	$68,934.8	$5,345.2	$594.7	$123.1	$73,808.4	$110.4

(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.

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

	Amortized Cost	Gross Unrealized Capital Gains	Gross Unrealized Capital Losses	Embedded Derivatives[2]	Fair Value	OTTI[3]
Fixed maturities:						
U.S. Treasuries	$5,094.0	$174.0	$86.8	$—	$5,181.2	$—
U.S. Government agencies and authorities	598.0	22.3	1.4	—	618.9	—
State, municipalities and political subdivisions	272.0	10.6	1.5	—	281.1	—
U.S. corporate securities	36,010.3	2,174.5	706.2	—	37,478.6	12.8
Foreign securities[1]:						
Government	1,044.0	49.6	42.2	—	1,051.4	—
Other	14,617.4	864.2	176.5	—	15,305.1	—
Total foreign securities	15,661.4	913.8	218.7	—	16,356.5	—
Residential mortgage-backed securities:						
Agency	5,379.2	431.1	62.1	79.2	5,827.4	0.4
Non-Agency	1,101.1	166.2	18.3	47.3	1,296.3	103.2
Total Residential mortgage-backed securities	6,480.3	597.3	80.4	126.5	7,123.7	103.6
Commercial mortgage-backed securities	3,427.9	327.7	3.5	—	3,752.1	4.4
Other asset-backed securities	1,883.1	81.6	38.0	—	1,926.7	5.2
Total fixed maturities, including securities pledged	69,427.0	4,301.8	1,136.5	126.5	72,718.8	126.0
Less: Securities pledged	1,457.9	24.6	16.8	—	1,465.7	—
Total fixed maturities	67,969.1	4,277.2	1,119.7	126.5	71,253.1	126.0
Equity securities:						
Common stock	214.3	5.1	0.9	—	218.5	—
Preferred stock	53.1	43.4	0.6	—	95.9	—
Total equity securities	267.4	48.5	1.5	—	314.4	—
Total fixed maturities and equity securities investments	$68,236.5	$4,325.7	$1,121.2	$126.5	$71,567.5	$126.0

[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.

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The amortized cost and fair value of fixed maturities, including securities pledged, as of March 31, 2014, 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	$1,999.3	$2,032.5
After one year through five years	13,858.5	14,748.5
After five years through ten years	21,329.9	22,070.1
After ten years	21,096.0	23,263.8
Mortgage-backed securities	9,847.2	10,848.8
Other asset-backed securities	1,789.4	1,839.4
Fixed maturities, including securities pledged	$69,920.3	$74,803.1

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 March 31, 2014 and December 31, 2013, 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
March 31, 2014				
Communications	$3,966.9	$403.4	$29.2	$4,341.1
Financial	6,990.9	675.5	42.7	7,623.7
Industrial and other companies	29,959.3	1,964.8	293.2	31,630.9
Utilities	9,165.5	778.4	70.8	9,873.1
Transportation	1,436.1	116.4	14.4	1,538.1
Total	$51,518.7	$3,938.5	$450.3	$55,006.9
December 31, 2013				
Communications	$4,016.2	$293.0	$73.4	$4,235.8
Financial	6,640.7	566.6	72.6	7,134.7
Industrial and other companies	29,303.1	1,524.5	564.5	30,263.1
Utilities	9,200.6	570.0	142.2	9,628.4
Transportation	1,467.1	84.6	30.0	1,521.7

Total	$50,627.7	$3,038.7	$882.7	$52,783.7

Fixed Maturities and Equity Securities

The Company's fixed maturities and equity securities are currently designated as available-for-sale, except those accounted for using the FVO. Available-for-sale securities are reported at fair value and unrealized capital gains (losses) on these securities are recorded directly in Accumulated other comprehensive income (loss) ("AOCI"), and presented net of related changes in DAC, VOBA and deferred income taxes. In addition, certain fixed maturities have embedded derivatives, which are reported with the host contract on the Condensed Consolidated Balance Sheets.

The Company has elected the FVO for certain of its fixed maturities to better match the measurement of assets and liabilities in the Condensed Consolidated Statements of Operations. Certain collateralized mortgage obligations ("CMOs"), primarily interest-only and principal-only strips, are accounted for as hybrid instruments and valued at fair value with changes in the fair value recorded in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.

The Company invests in various categories of CMOs, including CMOs that are not agency-backed, that are subject to different degrees of risk from changes in interest rates and defaults. The principal risks inherent in holding CMOs are prepayment and extension risks related to significant decreases and increases in interest rates resulting in the prepayment of principal from the underlying mortgages, either earlier or later than originally anticipated. As of March 31, 2014 and December 31, 2013, approximately 41.5% and 38.3%, respectively, of the Company’s CMO holdings, such as interest-only or principal-only strips, were invested in those types of CMOs that are subject to more prepayment and extension risk than traditional CMOs.

Repurchase Agreements

The Company engages in dollar repurchase agreements with mortgage-backed securities ("dollar rolls") and repurchase agreements with other collateral types to increase its return on investments and improve liquidity. Such arrangements meet the requirements to be accounted for as financing arrangements. The Company also enters into reverse repurchase agreements. These transactions involve a purchase of securities and an agreement to sell substantially the same securities as those purchased. As of March 31, 2014 and December 31, 2013, the Company did not have any securities pledged in dollar rolls, repurchase agreement transactions or reverse repurchase agreements.

Securities Lending

The Company engages in securities lending whereby certain securities from its portfolio are loaned to other institutions for short periods of time. Initial collateral, primarily cash, is required at a rate of 102% of the market value of the loaned securities. For certain transactions, a lending agent may be used and the agent may retain some or all of the collateral deposited by the borrower and transfer the remaining collateral to the Company. Collateral retained by the agent is invested in liquid assets on behalf of the Company. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. As of March 31, 2014 and December 31, 2013, the fair value of loaned securities was $449.4 and $435.4, respectively, and is included in Securities pledged on the Condensed Consolidated Balance Sheets. As of March 31, 2014 and December 31, 2013, collateral retained by the lending agent and invested in liquid assets on the Company's behalf was $466.3 and $451.0, respectively, and recorded in Short-term investments under securities loan agreements, including collateral delivered on the Condensed Consolidated Balance Sheets. As of March 31, 2014 and December 31, 2013, liabilities to return collateral of $466.3 and $451.0, respectively, were included in Payables under securities loan agreements, including collateral held on the Condensed Consolidated Balance Sheets.

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Unrealized Capital Losses

Unrealized capital losses (including noncredit impairments), along with the fair value of fixed maturity securities, including securities pledged, by market sector and duration were as follows as of March 31, 2014:

	Six Months or Less Below Amortized Cost		More Than Six Months and Twelve Months or Less Below Amortized Cost		More Than Twelve Months Below Amortized Cost		Total	
	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses
U.S. Treasuries	$1,315.7	$7.9	$927.9	$29.4	$45.1	$6.8	$2,288.7	$44.1
U.S. Government agencies and authorities	6.8	— *	57.5	0.2	—	—	64.3	0.2
U.S. corporate, state and municipalities	1,316.4	14.2	5,743.4	247.1	1,112.8	100.7	8,172.6	362.0
Foreign	345.1	2.4	1,842.9	84.5	295.9	25.9	2,483.9	112.8
Residential mortgage-backed	427.1	2.7	950.4	27.1	392.2	23.0	1,769.7	52.8
Commercial mortgage-backed	28.6	0.6	—	—	—	—	28.6	0.6
Other asset-backed	146.7	0.7	45.9	0.4	288.1	30.3	480.7	31.4
Total	$3,586.4	$28.5	$9,568.0	$388.7	$2,134.1	$186.7	$15,288.5	$603.9

* Less than $0.1

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Unrealized capital losses (including noncredit impairments), along with the fair value of fixed maturity securities, including securities pledged, by market sector and duration were as follows as of December 31, 2013:

	Six Months or Less Below Amortized Cost		More Than Six Months and Twelve Months or Less Below Amortized Cost		More Than Twelve Months Below Amortized Cost		Total	
	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses	Fair Value	Unrealized Capital Losses
U.S. Treasuries	$1,559.5	$24.3	$1,087.6	$52.6	$41.9	$9.9	$2,689.0	$86.8
U.S. Government agencies and authorities	9.5	—*	55.9	1.4	—	—	65.4	1.4
U.S. corporate, state and municipalities	3,524.9	78.5	6,893.9	519.6	821.9	109.6	11,240.7	707.7
Foreign	1,133.6	16.0	2,447.8	184.3	179.1	18.4	3,760.5	218.7
Residential mortgage-backed	919.1	8.3	1,019.6	40.6	377.9	31.5	2,316.6	80.4
Commercial mortgage-backed	235.8	3.3	—	—	6.2	0.2	242.0	3.5
Other asset-backed	150.6	0.9	105.5	1.5	299.3	35.6	555.4	38.0
Total	$7,533.0	$131.3	$11,610.3	$800.0	$1,726.3	$205.2	$20,869.6	$1,136.5

* Less than $0.1

Of the unrealized capital losses aged more than twelve months, the average market value of the related fixed maturities was 92.0% and 89.4% of the average book value as of March 31, 2014 and December 31, 2013, respectively.

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Unrealized capital losses (including noncredit impairments) in fixed maturities, including securities pledged, for instances in which fair value declined below amortized cost by greater than or less than 20% for consecutive months as indicated in the tables below, were as follows as of the dates indicated:

	Amortized Cost		Unrealized Capital Losses		Number of Securities	
	< 20%	> 20%	< 20%	> 20%	< 20%	> 20%
March 31, 2014						
Six months or less below amortized cost	$3,892.3	$35.4	$69.1	$8.5	322	9
More than six months and twelve months or less below amortized cost	9,935.5	12.9	381.6	4.1	622	5
More than twelve months below amortized cost	2,004.7	11.6	136.9	3.7	338	15
Total	$15,832.5	$59.9	$587.6	$16.3	1,282	29
December 31, 2013						
Six months or less below amortized cost	$7,883.3	$80.5	$166.0	$18.6	570	20
More than six months and twelve months or less below amortized cost	12,339.7	67.6	776.8	16.7	798	8
More than twelve months below amortized cost	1,579.2	55.8	144.5	13.9	302	22
Total	$21,802.2	$203.9	$1,087.3	$49.2	1,670	50

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Unrealized capital losses (including noncredit impairments) in fixed maturities, including securities pledged, by market sector for instances in which fair value declined below amortized cost by greater than or less than 20% were as follows as of the dates indicated:

	Amortized Cost		Unrealized Capital Losses		Number of Securities	
	< 20%	> 20%	< 20%	> 20%	< 20%	> 20%
March 31, 2014						
U.S. Treasuries	$2,332.8	$—	$44.1	$—	28	—
U.S. Government agencies and authorities	64.5	—	0.2	—	3	—
U.S. corporate, state and municipalities	8,506.0	28.6	355.1	6.9	520	3
Foreign	2,593.3	3.4	112.0	0.8	210	1
Residential mortgage-backed	1,814.6	7.9	49.0	3.8	416	15
Commercial mortgage-backed	29.2	—*	0.6	—*	8	1
Other asset-backed	492.1	20.0	26.6	4.8	97	9
Total	$15,832.5	$59.9	$587.6	$16.3	1,282	29
December 31, 2013						
U.S. Treasuries	$2,750.5	$25.3	$81.4	$5.4	32	1
U.S. Government agencies and authorities	66.8	—	1.4	—	3	—
U.S. corporate, state and municipalities	11,892.6	55.8	694.2	13.5	744	5
Foreign	3,944.2	35.0	211.0	7.7	300	6
Residential mortgage-backed	2,361.4	35.6	70.2	10.2	471	25
Commercial mortgage-backed	245.5	—	3.5	—	16	—
Other asset-backed	541.2	52.2	25.6	12.4	104	13
Total	$21,802.2	$203.9	$1,087.3	$49.2	1,670	50

* Less than $0.1.

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The following tables summarize loan-to-value, credit enhancement and fixed floating rate details for residential mortgage-backed securities ("RMBS") and Other ABS in a gross unrealized loss position as of the dates indicated:

	Loan-to-Value Ratio			
	Amortized Cost		Unrealized Capital Losses	
March 31, 2014	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[1]				
Non-agency RMBS > 100%	$38.9	$2.6	$4.2	$0.6
Non-agency RMBS 90% - 100%	80.5	7.1	5.1	1.6
Non-agency RMBS 80% - 90%	99.9	4.8	9.1	1.2
Non-agency RMBS < 80%	281.0	6.8	15.7	2.1
Agency RMBS	1,605.8	4.5	39.3	2.6
Other ABS (Non-RMBS)	200.6	2.1	2.2	0.5
Total RMBS and Other ABS	$2,306.7	$27.9	$75.6	$8.6

	Credit Enhancement Percentage			
	Amortized Cost		Unrealized Capital Losses	
March 31, 2014	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[1]				
Non-agency RMBS 10% +	$387.3	$17.9	$27.8	$4.4
Non-agency RMBS 5% - 10%	20.6	—	0.7	—
Non-agency RMBS 0% - 5%	34.1	—	1.0	—
Non-agency RMBS 0%	58.3	3.4	4.6	1.1
Agency RMBS	1,605.8	4.5	39.3	2.6
Other ABS (Non-RMBS)	200.6	2.1	2.2	0.5
Total RMBS and Other ABS	$2,306.7	$27.9	$75.6	$8.6

	Fixed Rate/Floating Rate			
	Amortized Cost		Unrealized Capital Losses	
March 31, 2014	< 20%	> 20%	< 20%	> 20%
Fixed Rate	$1,317.3	$4.2	$36.3	$1.4
Floating Rate	989.4	23.7	39.3	7.2
Total	$2,306.7	$27.9	$75.6	$8.6

[1] For purposes of this table, subprime mortgages are included in Non-agency RMBS categories.

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	Loan-to-Value Ratio			
	Amortized Cost		Unrealized Capital Losses	
December 31, 2013	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[(1)]				
Non-agency RMBS > 100%	$75.7	$36.4	$2.9	$8.3
Non-agency RMBS 90% - 100%	156.8	24.1	8.6	5.7
Non-agency RMBS 80% - 90%	151.3	5.9	8.4	1.7
Non-agency RMBS < 80%	284.7	8.0	15.5	2.2
Agency RMBS	2,008.9	11.3	57.9	4.2
Other ABS (Non-RMBS)	225.2	2.1	2.5	0.5
Total RMBS and Other ABS	$2,902.6	$87.8	$95.8	$22.6

	Credit Enhancement Percentage			
	Amortized Cost		Unrealized Capital Losses	
December 31, 2013	< 20%	> 20%	< 20%	> 20%
RMBS and Other ABS[(1)]				
Non-agency RMBS 10% +	$407.1	$47.7	$27.6	$11.1
Non-agency RMBS 5% - 10%	43.9	0.8	1.2	0.2
Non-agency RMBS 0% - 5%	90.4	3.9	1.9	0.8
Non-agency RMBS 0%	127.1	22.0	4.7	5.8
Agency RMBS	2,008.9	11.3	57.9	4.2
Other ABS (Non-RMBS)	225.2	2.1	2.5	0.5
Total RMBS and Other ABS	$2,902.6	$87.8	$95.8	$22.6

	Fixed Rate/Floating Rate			
	Amortized Cost		Unrealized Capital Losses	
December 31, 2013	< 20%	> 20%	< 20%	> 20%
Fixed Rate	$1,723.7	$4.4	$50.5	$1.6
Floating Rate	1,178.9	83.4	45.3	21.0
Total	$2,902.6	$87.8	$95.8	$22.6

(1) For purposes of this table, subprime mortgages are included in Non-agency RMBS categories.

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All investments with fair values less than amortized cost are included in the Company's other-than-temporary impairments analysis, and impairments were recognized as disclosed in the "Evaluating Securities for Other-Than-Temporary Impairments" section below. The Company evaluates non-agency RMBS and ABS for "other-than-temporary impairments" each quarter based on actual and projected cash flows after considering the quality and updated loan-to-value ratios reflecting current home prices of underlying collateral, forecasted loss severity, the payment priority within the tranche structure of the security and amount of any credit enhancements. The Company's assessment of current levels of cash flows compared to estimated cash flows at the time the securities were acquired indicates the amount and the pace of projected cash flows from the underlying collateral has generally been lower and slower, respectively. However, since cash flows are typically projected at a trust level, the impairment review incorporates the security's position within the trust structure as well as credit enhancement remaining in the trust to determine whether an impairment is warranted. Therefore, while lower and slower cash flows will impact the trust, the effect on a particular security within the trust will be dependent upon the trust structure. Where the assessment continues to project full recovery of principal and interest on schedule, the Company has not recorded an impairment. Unrealized losses on below investment grade securities are principally related to RMBS (primarily Alt-A RMBS), and ABS (primarily subprime RMBS) largely due to economic and market uncertainties including concerns over unemployment levels, lower interest rate environment on floating rate securities requiring higher risk premiums since purchase and valuations on residential real estate supporting non-agency RMBS. Based on this analysis, the Company determined that the remaining investments in an unrealized loss position were not other-than-temporarily impaired and therefore no further other-than-temporary impairment was necessary.

Troubled Debt Restructuring

The Company invests in high quality, well performing portfolios of commercial mortgage loans and private placements. Under certain circumstances, modifications are granted to these contracts. Each modification is evaluated as to whether a troubled debt restructuring has occurred. A modification is a troubled debt restructuring when the borrower is in financial difficulty and the creditor makes concessions. Generally, the types of concessions may include reducing the face amount or maturity amount of the debt as originally stated, reducing the contractual interest rate, extending the maturity date at an interest rate lower than current market interest rates and/or reducing accrued interest. The Company considers the amount, timing and extent of the concession granted in determining any impairment or changes in the specific valuation allowance recorded in connection with the troubled debt restructuring. A valuation allowance may have been recorded prior to the quarter when the loan is modified in a troubled debt restructuring. Accordingly, the carrying value (net of the specific valuation allowance) before and after modification through a troubled debt restructuring may not change significantly, or may increase if the expected recovery is higher than the pre-modification recovery assessment. As of March 31, 2014, the Company had no new troubled debt restructurings for private placement or commercial mortgage loans. As of December 31, 2013, the Company had no new private placement troubled debt restructurings and had 21 new commercial mortgage loan troubled debt restructurings with a pre-modification and post modification carrying value of $91.0. Of these 21 commercial mortgage loans, 20 comprise a portfolio of cross-defaulted, cross-collateralized individual loans, which are owned by the same sponsor. Between the date of the troubled debt restructurings and March 31, 2014, these loans have repaid $4.2 in principal.

As of March 31, 2014 and December 31, 2013, the Company did not have any commercial mortgage loans or private placements modified in a troubled debt restructuring with a subsequent payment default.

Mortgage Loans on Real Estate

The Company's mortgage loans on real estate are all commercial mortgage loans held for investment, which are reported at amortized cost, less impairment write-downs and allowance for losses. The Company diversifies its commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. The Company manages risk when originating commercial mortgage loans by generally lending only up to 75% of the estimated fair value of the underlying real estate. Subsequently, the Company continuously evaluates all mortgage loans based on relevant current information including a review of loan-specific credit quality, property characteristics and market trends. Loan performance is monitored on a loan specific basis through the review of submitted appraisals, operating statements, rent revenues and annual inspection reports, among other items. This review ensures properties are performing at a consistent and acceptable level to secure the debt. The components to evaluate debt service coverage are received and reviewed at least annually to determine the level of risk.

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The following table summarizes the Company's investment in mortgage loans as of the dates indicated:

	March 31, 2014	December 31, 2013
Commercial mortgage loans	$9,261.5	$9,316.0
Collective valuation allowance	(3.4)	(3.8)
Total net commercial mortgage loans	$9,258.1	$9,312.2

There were no impairments taken on the mortgage loan portfolio for the three months ended March 31, 2014 and 2013.

The following table summarizes the activity in the allowance for losses for all commercial mortgage loans for the periods indicated:

	March 31, 2014	December 31, 2013
Collective valuation allowance for losses, balance at January 1	$3.8	$3.9
Addition to (reduction of) allowance for losses	(0.4)	(0.1)
Collective valuation allowance for losses, end of period	$3.4	$3.8

The carrying values and unpaid principal balances of impaired mortgage loans were as follows as of the dates indicated:

	March 31, 2014	December 31, 2013
Impaired loans with allowances for losses	$—	$—
Impaired loans without allowances for losses	94.2	94.3
Subtotal	94.2	94.3
Less: Allowances for losses on impaired loans	—	—
Impaired loans, net	$94.2	$94.3
Unpaid principal balance of impaired loans	$96.6	$96.7

The following table presents information on impaired loans, restructured loans, loans 90 days or more past due and loans in foreclosure as of the dates indicated:

	March 31, 2014	December 31, 2013
Troubled debt restructured loans	$86.6	$86.6
Loans 90 days or more past due, interest no longer accruing, at amortized cost	—	5.1
Loans in foreclosure, at amortized cost	—	—
Unpaid principal balance of loans 90 days or more past due, interest no longer accruing	—	5.1

The Company defines delinquent mortgage loans consistent with industry practice as 60 days past due. The Company's policy is to recognize interest income until a loan becomes 90 days delinquent or foreclosure proceedings are commenced, at which point interest accrual is discontinued. Interest accrual is not resumed until the loan is brought current.

The following table presents the aging of past due mortgage loans at carrying value as of the dates indicated:

($ in millions)	30 days or less past due	31 to 90 days past due	91 to 180 days past due	181 days or more past due	Total
As of March 31, 2014	$—	$—	$—	$—	$—
As of December 31, 2013	—	5.1	—	—	5.1

There were no mortgage loans in the Company's portfolio in process of foreclosure as of March 31, 2014 or December 31, 2013.

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There were no loans in arrears with respect to principal and interest as of March 31, 2014. There was one loan in arrears with respect to principal and interest as of December 31, 2013 with a total amortized cost of $5.1.

The following table presents information on the average investment during the period in impaired loans and interest income recognized on impaired and troubled debt restructured loans for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Impaired loans, average investment during the period (amortized cost) [1]	$94.2	$16.9
Interest income recognized on impaired loans, on an accrual basis [1]	1.3	0.2
Interest income recognized on impaired loans, on a cash basis [1]	1.0	0.2
Interest income recognized on troubled debt restructured loans, on an accrual basis	1.2	—

[1] Includes amounts for Troubled debt restructured loans.

Loan-to-value ("LTV") and debt service coverage ("DSC") ratios are measures commonly used to assess the risk and quality of mortgage loans. The LTV ratio, calculated at time of origination, is expressed as a percentage of the amount of the loan relative to the value of the underlying property. A LTV ratio in excess of 100% indicates the unpaid loan amount exceeds the underlying collateral. The DSC ratio, based upon the most recently received financial statements, is expressed as a percentage of the amount of a property's net income to its debt service payments. A DSC ratio of less than 1.0 indicates that a property's operations do not generate sufficient income to cover debt payments. These ratios are utilized as part of the review process described above.

The following table presents the LTV ratios as of the dates indicated:

	March 31, 2014 [1]	December 31, 2013[1]
Loan-to-Value Ratio:		
0% - 50%	$1,604.3	$1,782.6
50% - 60%	2,484.6	2,390.0
60% - 70%	4,708.8	4,668.3
70% - 80%	445.1	455.8
80% and above	18.7	19.3
Total Commercial mortgage loans	$9,261.5	$9,316.0

[1] Balances do not include allowance for mortgage loan credit losses.

The following table presents the DSC ratios as of the dates indicated:

	March 31, 2014 [1]	December 31, 2013[1]
Debt Service Coverage Ratio:		
Greater than 1.5x	$6,333.1	$6,346.5
1.25x - 1.5x	1,515.3	1,520.9
1.0x - 1.25x	973.2	980.6
Less than 1.0x	439.7	467.8
Commercial mortgage loans secured by land or construction loans	0.2	0.2

Total Commercial mortgage loans	$9,261.5	$9,316.0

[1] Balances do not include allowance for mortgage loan credit losses.

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Properties collateralizing mortgage loans are geographically dispersed throughout the United States, as well as diversified by property type, as reflected in the following tables as of the dates indicated:

	March 31, 2014 [1]		December 31, 2013[1]	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
Commercial Mortgage Loans by U.S. Region:				
Pacific	$2,369.2	25.6 %	$2,281.8	24.5 %
South Atlantic	1,964.6	21.2 %	1,936.0	20.8 %
Middle Atlantic	1,113.2	12.0 %	1,112.0	11.9 %
West South Central	1,112.7	12.0 %	1,122.3	12.0 %
East North Central	1,055.6	11.4 %	1,037.5	11.1 %
Mountain	771.7	8.3 %	790.4	8.5 %
West North Central	525.6	5.7 %	517.2	5.6 %
East South Central	198.7	2.2 %	200.7	2.2 %
New England	150.2	1.6 %	318.1	3.4 %
Total Commercial mortgage loans	$9,261.5	100.0 %	$9,316.0	100.0 %

[1] Balances do not include allowance for mortgage loan credit losses.

	March 31, 2014 [1]		December 31, 2013[1]	
	Gross Carrying Value	% of Total	Gross Carrying Value	% of Total
Commercial Mortgage Loans by Property Type:				
Retail	$2,951.0	31.9 %	$2,936.9	31.5 %
Industrial	2,818.6	30.4 %	2,848.0	30.6 %
Apartments	1,348.7	14.6 %	1,296.1	13.9 %
Office	1,089.0	11.7 %	1,242.2	13.3 %
Hotel/Motel	382.1	4.1 %	430.6	4.6 %
Mixed Use	305.8	3.3 %	184.1	2.0 %
Other	366.3	4.0 %	378.1	4.1 %
Total Commercial mortgage loans	$9,261.5	100.0 %	$9,316.0	100.0 %

[1] Balances do not include allowance for mortgage loan credit losses.

The following table sets forth the breakdown of mortgages by year of origination as of the dates indicated:

	March 31, 2014 [1]	December 31, 2013[1]
Year of Origination:		
2014	$252.9	$—
2013	2,187.0	2,199.8
2012	1,731.5	1,743.3
2011	1,804.9	1,835.9
2010	394.4	409.8

2009	148.9	149.5
2008 and prior	2,741.9	2,977.7
Total Commercial mortgage loans	$9,261.5	$9,316.0

(1) Balances do not include allowance for mortgage loan credit losses.

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Evaluating Securities for Other-Than-Temporary Impairments

The Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings, including fixed maturity securities and equity securities in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired.

The following table identifies the Company's credit-related and intent-related impairments included in the Condensed Consolidated Statements of Operations, excluding impairments included in Other comprehensive income (loss) by type for the periods indicated:

	Three Months Ended March 31,			
	2014		2013	
	Impairment	No. of Securities	Impairment	No. of Securities
U.S. corporate	$0.4	1	$—	—
Residential mortgage-backed	1.6	37	3.6	74
Commercial mortgage-backed	0.2	2	0.1	2
Other asset-backed	0.1	2	7.3	2
Equity	1.0	2	—	—
Total	$3.3	44	$11.0	78

The above table includes $3.1 and $3.6 of write-downs related to credit impairments for the three months ended March 31, 2014 and 2013, respectively, in Other-than-temporary impairments, which are recognized in the Condensed Consolidated Statements of Operations. The remaining $0.2 and $7.4 in write-downs for the three months ended March 31, 2014 and 2013, respectively, are related to intent impairments.

The following tables summarize these intent impairments, which are also recognized in earnings, by type for the periods indicated:

	Three Months Ended March 31,			
	2014		2013	
	Impairment	No. of Securities	Impairment	No. of Securities
Commercial mortgage-backed	$0.2	2	$0.1	2
Other asset-backed	—	—	7.3	2
Total	$0.2	2	$7.4	4

The Company may sell securities during the period in which fair value has declined below amortized cost for fixed maturities or cost for equity securities. In certain situations, new factors, including changes in the business environment, can change the Company’s previous intent to continue holding a security. Accordingly, these factors may lead the Company to record additional intent related capital losses.

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The following table identifies the amount of credit impairments on fixed maturities for which a portion of the OTTI loss was recognized in Other comprehensive income (loss) and the corresponding changes in such amounts for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Balance at January 1	$102.8	$114.7
Additional credit impairments:		
On securities not previously impaired	1.1	0.2
On securities previously impaired	1.0	3.0
Reductions:		
Securities intent impaired	—	—
Securities sold, matured, prepaid or paid down	(3.8)	(5.5)
Balance at March 31	$101.1	$112.4

Net Investment Income

The following table summarizes Net investment income for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Fixed maturities	$984.8	$1,012.6
Equity securities, available-for-sale	3.8	2.6
Mortgage loans on real estate	115.3	118.2
Policy loans	28.0	29.9
Short-term investments and cash equivalents	0.8	0.9
Other	14.1	35.9
Gross investment income	1,146.8	1,200.1
Less: investment expenses	1.2	1.4
Net investment income	$1,145.6	$1,198.7

Interest income on fixed maturities is recorded when earned using an effective yield method, giving effect to amortization of premiums and accretion of discounts. Such interest income is recorded in Net investment income in the Condensed Consolidated Statements of Operations.

Net Realized Capital Gains (Losses)

Net realized capital gains (losses) are comprised of the difference between the amortized cost of investments and proceeds from sale and redemption, as well as losses incurred due to the credit-related and intent-related other-than-temporary impairment of investments. Realized investment gains and losses are also primarily generated from changes in fair value of embedded derivatives within product guarantees and fixed maturities, changes in fair value of fixed maturities recorded at FVO and changes in fair value including accruals on derivative instruments, except for effective cash flow hedges. The cost of the investments on disposal is generally determined based on first-in-first-out ("FIFO") methodology.

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Net realized capital gains (losses) were as follows for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Fixed maturities, available-for-sale, including securities pledged	$13.7	$9.4
Fixed maturities, at fair value option	(18.9)	(107.6)
Equity securities, available-for-sale	17.1	0.2
Derivatives	53.8	(1,099.7)
Embedded derivative - fixed maturities	(3.3)	(23.3)
Embedded derivative - product guarantees	(255.1)	346.3
Other investments	2.1	(0.1)
Net realized capital gains (losses)	$(190.6)	$(874.8)
After-tax net realized capital gains (losses)	$(118.3)	$(568.7)

Proceeds from the sale of fixed maturities and equity securities, available-for-sale and the related gross realized gains and losses, before tax, were as follows for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Proceeds on sales	$1,494.9	$3,212.7
Gross gains	39.7	42.0
Gross losses	19.8	14.4

3. Derivative Financial Instruments

The Company enters into the following types of derivatives:

Interest rate caps: The Company uses interest rate cap contracts to hedge the interest rate exposure arising from duration mismatches between assets and liabilities. Interest rate caps are also used to hedge interest rate exposure if rates rise above a specified level. Such increases in rates will require the Company to incur additional expenses. The future payout from the interest rate caps fund
this increased exposure. The Company pays an upfront premium to purchase these caps. The Company utilizes these contracts in non-qualifying hedging relationships.

Interest rate swaps: Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and/or liabilities. Interest rate swaps are also used to hedge the interest rate risk associated with the value of assets it owns or in an anticipation of acquiring them. Using interest rate swaps, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest payments, calculated by reference to an agreed upon notional principal amount. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made to/from the counterparty at each due date. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

Foreign exchange swaps: The Company uses foreign exchange or currency swaps to reduce the risk of change in the value, yield or cash flows associated with certain foreign denominated invested assets. Foreign exchange swaps represent contracts that require the exchange of foreign currency cash flows against U.S. dollar cash flows at regular periods, typically quarterly or semi-annually. The Company utilizes these contracts in qualifying hedging relationships as well as non-qualifying hedging relationships.

Credit default swaps: Credit default swaps are used to reduce credit loss exposure with respect to certain assets that the Company owns, or to assume credit exposure on certain assets that the Company does not own. Payments are made to or received from the counterparty at specified intervals. In the event of a default on the underlying credit exposure, the Company will either receive a payment (purchased credit protection) or will be required to make a payment (sold credit protection) equal to the par minus recovery value of the swap contract. The Company utilizes these contracts in non-qualifying hedging relationships.

Total return swaps: The Company uses total return swaps as a hedge against a decrease in variable annuity account values, which are invested in certain indices. Using total return swaps, the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of assets or a market index and the LIBOR rate, calculated by reference to an agreed upon notional principal amount. No cash is exchanged at the onset of the contracts. Cash is paid and received over the life of the contract based upon the terms of the swaps. The Company utilizes these contracts in non-qualifying hedging relationships.

Currency forwards: The Company uses currency forward contracts to hedge policyholder liabilities associated with the variable annuity contracts which are linked to foreign indices. The currency fluctuations may result in a decrease in account values, which would increase the possibility of the Company incurring an expense for guaranteed benefits in excess of account values. The Company utilizes these contracts in non-qualifying hedging relationships.

Forwards: The Company uses forward contracts to hedge certain invested assets against movement in interest rates, particularly mortgage rates. The Company uses To Be Announced mortgage-backed securities as an economic hedge against rate movements. The Company utilizes forward contracts in non-qualifying hedging relationships.

Futures: Futures contracts are used to hedge against a decrease in certain equity indices. Such decreases may result in a decrease in variable annuity account values which would increase the possibility of the Company incurring an expense for guaranteed benefits in excess of account values. The Company also uses futures contracts as a hedge against an increase in certain equity indices. Such increases may result in increased payments to the holders of the fixed index annuity ("FIA") contracts. The Company enters into exchange traded futures with regulated futures commissions that are members of the exchange. The Company also posts initial and variation margin with the exchange on a daily basis. The Company utilizes exchange-traded futures in non-qualifying hedging relationships.

Swaptions: A swaption is an option to enter into a swap with a forward starting effective date. The Company uses swaptions to hedge the interest rate exposure associated with the minimum crediting rate and book value guarantees embedded in the retirement products that the Company offers. Increases in interest rates will generate losses on assets that are backing such liabilities. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. Swaptions are also used to hedge against an increase in the interest rate benchmarked crediting strategies within FIA contracts. Such increases may result in increased payments to contract holders of FIA contracts and the interest rate swaptions offset this increased exposure. The Company pays a premium when it purchases the swaption. The Company utilizes these contracts in non-qualifying hedging relationships.

Options: The Company uses put options to manage the equity, interest rate and equity volatility risk of the economic liabilities associated with certain variable annuity minimum guaranteed benefits. The Company also uses call options to hedge against an increase in various equity indices. Such increases may result in increased payments to the holders of the FIA contracts. The Company pays an upfront premium to purchase these options. The Company utilizes these options in non-qualifying hedging relationships.

Variance swaps: The Company uses variance swaps to manage equity volatility risk on the economic liabilities associated with certain minimum guaranteed living benefits. An increase in the equity volatility results in a higher valuations of such liabilities. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on the changes in equity volatility over a defined period. The Company utilizes equity variance swaps in non-qualifying hedging relationships.

Managed custody guarantees ("MCG"): The Company issues certain credited rate guarantees on externally managed variable bond funds that represent stand-alone derivatives. The market value is partially determined by, among other things, levels of or changes in interest rates, prepayment rates and credit ratings/spreads.

Embedded derivatives: The Company also invests in certain fixed maturity instruments and has issued certain annuity products that contain embedded derivatives whose market value is at least partially determined by, among other things, levels of or changes in domestic and/or foreign interest rates (short-term or long-term), exchange rates, prepayment rates, equity rates, or credit ratings/spreads. In addition, the Company has entered into a coinsurance with a funds withheld arrangement which contains an embedded derivative whose fair value is based on the change in the fair value of the underlying assets held in trust. The embedded derivatives

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for certain fixed maturity instruments, certain annuity products and coinsurance with funds withheld arrangements are reported with the host contract in investments, in Future policy benefits or Funds held under reinsurance agreements, respectively, on the Condensed Consolidated Balance Sheets. Changes in the fair value of embedded derivatives within fixed maturity investments and within annuity products are recorded in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations. Changes in fair value of embedded derivatives with reinsurance agreements are reported in Policyholder benefits in the Condensed Consolidated Statements of Operations.

The Company's use of derivatives is limited mainly to economic hedging to reduce the Company's exposure to cash flow variability of assets and liabilities, interest rate risk, credit risk, exchange rate risk and market risk. It is the Company's policy not to offset amounts recognized for derivative instruments and amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement, which provides the Company with the legal right of offset.

The notional amounts and fair values of derivatives were as follows as of the dates indicated:

	March 31, 2014			December 31, 2013		
	Notional Amount	Asset Fair Value	Liability Fair Value	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives: Qualifying for hedge accounting[1]						
Cash flow hedges:						
Interest rate contracts	$723.5	$94.9	$—	$786.0	$81.0	$0.5
Foreign exchange contracts	174.7	5.5	2.1	174.7	6.3	1.6
Fair value hedges:						
Interest rate contracts	873.5	3.6	62.6	873.5	4.8	64.7
Derivatives: Non-qualifying for hedge accounting[1]						
Interest rate contracts[2]	60,311.6	666.7	804.6	63,122.0	826.2	1,174.3
Foreign exchange contracts	1,233.2	21.1	29.2	1,281.7	17.8	43.3
Equity contracts	17,412.7	217.6	102.6	11,725.9	172.7	52.9
Credit contracts	3,221.0	35.3	12.4	3,221.0	40.5	14.5
Embedded derivatives:						
Within fixed maturity investments	N/A	123.1	—	N/A	126.5	—
Within annuity products	N/A	—	2,969.3	N/A	—	2,645.6
Within reinsurance agreements	N/A	—	95.9	N/A	—	79.0
Total		$1,167.8	$4,078.7		$1,275.8	$4,076.4

[1] Open derivative contracts are reported as Derivatives assets or liabilities on the Condensed Consolidated Balance Sheets at fair value.
[2] As of March 31, 2014, includes a notional amount, asset fair value and liability fair value for interest rate caps of $11.8 billion, $101.0 and $17.7, respectively. As of December 31, 2013, includes a notional amount, asset fair value and liability fair value for interest rate caps of $11.8 billion, $162.5 and $29.7, respectively.

N/A - Not Applicable

Based on the notional amounts, a substantial portion of the Company's derivative positions was not designated or did not qualify for hedge accounting as part of a hedging relationship as of March 31, 2014 and December 31, 2013. The Company utilizes derivative contracts mainly to hedge exposure to variability in cash flows, interest rate risk, credit risk, foreign exchange risk and equity market risk. The majority of derivatives used by the Company are designated as product hedges, which hedge the exposure arising from insurance liabilities or guarantees embedded in the contracts the Company offers through various product lines. These derivatives do not qualify for hedge accounting as they do not meet the criteria of being "highly effective" as outlined in ASC Topic 815, but do provide an economic hedge, which is in line with the Company's risk management objectives. The Company also uses derivatives contracts to hedge its exposure to various risks associated with the investment portfolio. The Company does not seek hedge accounting treatment for certain of these derivatives as they generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules outlined in ASC Topic 815. The Company also uses credit default swaps coupled with other investments in order to produce the investment characteristics of otherwise permissible investments which do not qualify as effective accounting hedges under ASC Topic 815.

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The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions is through the fourth quarter of 2016.

Although the Company has not elected to net its derivative exposures, the notional amounts and fair values of OTC and cleared derivatives excluding exchange traded contracts and forward contracts (To Be Announced mortgage-backed securities) are presented in the tables below as of the dates indicated:

	March 31, 2014		
	Notional Amount	Asset Fair Value	Liability Fair Value
Credit contracts	$3,221.0	$35.3	$12.4
Equity contracts	9,707.4	212.1	44.6
Foreign exchange contracts	1,407.9	26.6	31.3
Interest rate contracts	61,908.6	765.2	867.2
		1,039.2	955.5
Counterparty netting[1]		(589.5)	(589.5)
Cash collateral netting[1]		(326.6)	(13.6)
Securities collateral netting[1]		(43.7)	(260.9)
Net receivables/payables		$79.4	$91.5

[1] Represents the netting of receivable balances with payable balances, net of collateral, for the same counterparty under eligible netting agreements.

	December 31, 2013		
	Notional Amount	Asset Fair Value	Liability Fair Value
Credit contracts	$3,221.0	$40.5	$14.5
Equity contracts	4,513.5	170.7	32.0
Foreign exchange contracts	1,456.4	24.1	44.9
Interest rate contracts	64,734.1	912.0	1,239.5
		1,147.3	1,330.9
Counterparty netting[1]		(701.0)	(701.0)
Cash collateral netting[1]		(241.7)	(15.7)
Securities collateral netting[1]		(35.9)	(479.1)
Net receivables/payables		$168.7	$135.1

[1] Represents the netting of receivable balances with payable balances, net of collateral, for the same counterparty under eligible netting agreements.

Collateral

Under the terms of the Company's Over-The-Counter ("OTC") Derivative International Swaps and Derivatives Association, Inc. ("ISDA") agreements, the Company may receive from, or deliver to, counterparties collateral to assure that all terms of the ISDA agreements will be met with regard to the Credit Support Annex ("CSA"). The terms of the CSA call for the Company to pay interest on any cash received equal to the Federal Funds rate. To the extent cash collateral is received and delivered, it is included in Payables under securities loan agreements, including collateral held and Short-term investments under securities loan agreements, including collateral delivered, respectively, on the Condensed Consolidated Balance Sheets and is reinvested in short-term investments. Collateral held is used in accordance with the CSA to satisfy any obligations. Investment grade bonds owned by the Company are the source of noncash collateral posted, which is reported in Securities pledged on the Condensed Consolidated Balance Sheets. As of March 31, 2014, the Company held $283.7 and $39.1 of net cash collateral related to OTC derivative contracts

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and cleared derivative contracts, respectively. As of December 31, 2013, the Company held $214.7 and $18.8 of net cash collateral related to OTC derivative contracts and cleared derivative contracts, respectively. In addition, as of March 31, 2014 and December 31, 2013, the Company delivered securities as collateral of $821.9 and $1.0 billion, respectively.

Net realized gains (losses) on derivatives were as follows for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Derivatives: Qualifying for hedge accounting[1]		
Cash flow hedges:		
Interest rate contracts	$0.2	$0.1
Foreign exchange contracts	0.4	—
Fair value hedges:		
Interest rate contracts	(5.2)	1.3
Derivatives: Non-qualifying for hedge accounting[2]		
Interest rate contracts	204.2	(256.0)
Foreign exchange contracts	(1.7)	87.1
Equity contracts	(144.9)	(939.1)
Credit contracts	0.8	6.9
Embedded derivatives:		
Within fixed maturity investments[2]	(3.3)	(23.3)
Within annuity products[2]	(255.1)	346.3
Within reinsurance agreements[3]	(16.7)	14.7
Total	$(221.3)	$(762.0)

[1] Changes in value for effective fair value hedges are recorded in Other net realized capital gains (losses). Changes in fair value upon disposal for effective cash flow hedges are amortized through Net investment income and the ineffective portion is recorded in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations. For the three months ended March 31, 2014 and 2013, ineffective amounts were immaterial.
[2] Changes in value are included in Other net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
[3] Changes in value are included in Policyholder benefits in the Condensed Consolidated Statements of Operations.

Credit Default Swaps

The Company has entered into various credit default swaps. When credit default swaps are sold, the Company assumes credit exposure to certain assets that it does not own. Credit default swaps may also be purchased to reduce credit exposure in the Company's portfolio. Credit default swaps involve a transfer of credit risk from one party to another in exchange for periodic payments. The Company has ISDA agreements with each counterparty with which it conducts business and tracks the collateral positions for each counterparty. To the extent cash collateral is received, it is included in Payables under securities loan agreements, including collateral held, on the Condensed Consolidated Balance Sheets and is reinvested in short-term investments. Collateral held is used in accordance with the CSA to satisfy any obligations. Investment grade bonds owned by the Company are the source of noncash collateral posted, which is reported in Securities pledged on the Condensed Consolidated Balance Sheets. As of March 31, 2014, the fair values of credit default swaps of $35.3 and $12.4 were included in Derivatives assets and Derivatives liabilities, respectively, on the Condensed Consolidated Balance Sheets. As of December 31, 2013, the fair value of credit default swaps of $40.5 and $14.5 were included in Derivatives assets and Derivatives liabilities, respectively, on the Condensed Consolidated Balance Sheets. As of March 31, 2014 and December 31, 2013 the maximum potential future net exposure to the Company was $1.7 billion, net of purchased protection of $0.5 billion on credit default swaps, respectively. These instruments are typically written for a maturity period of five years and contain no recourse provisions. If the Company's current debt and claims paying ratings were downgraded in the future, the terms in the Company's derivative agreements may be triggered, which could negatively impact overall liquidity.

4. Fair Value Measurements (excluding Consolidated Investment Entities)

Fair Value Measurement

The Company categorizes its financial instruments into a three-level hierarchy based on the priority of the inputs to the valuation technique, pursuant to the Fair Value Measurements and disclosures of the FASB ASC Topic 820. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3), as described in the Fair Value Measurements (excluding Consolidated Investment Entities) Note in the Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2013. If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

When available, the estimated fair value of financial instruments is based on quoted prices in active markets that are readily and regularly obtainable. When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, including discounted cash flow methodologies, matrix pricing or other similar techniques.

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The following table presents the Company’s hierarchy for its assets and liabilities measured at fair value on a recurring basis as of March 31, 2014:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	$4,677.1	$586.0	$—	$5,263.1
U.S. Government agencies and authorities	—	636.9	7.2	644.1
U.S. corporate, state and municipalities	—	38,898.4	568.7	39,467.1
Foreign[1]	—	16,609.9	130.7	16,740.6
Residential mortgage-backed securities	—	6,948.3	104.4	7,052.7
Commercial mortgage-backed securities	—	3,771.2	24.9	3,796.1
Other asset-backed securities	—	1,797.2	42.2	1,839.4
Total fixed maturities, including securities pledged	4,677.1	69,247.9	878.1	74,803.1
Equity securities, available-for-sale	215.1	4.4	57.1	276.6
Derivatives:				
Interest rate contracts	—	765.2	—	765.2
Foreign exchange contracts	—	26.6	—	26.6
Equity contracts	5.5	138.9	73.2	217.6
Credit contracts	—	29.0	6.3	35.3
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	3,834.2	270.4	—	4,104.6
Assets held in separate accounts	102,600.4	5,221.7	17.9	107,840.0
Total assets	$111,332.3	$75,704.1	$1,032.6	$188,069.0
Percentage of Level to total	59.3 %	40.3 %	0.4 %	100.0 %
Liabilities:				
Derivatives:				
Annuity product guarantees:				
FIA	$—	$—	$1,808.0	$1,808.0
GMAB/GMWB/GMWBL[2]	—	—	1,143.3	1,143.3
Stabilizer and MCGs	—	—	18.0	18.0
Other derivatives:				
Interest rate contracts	—	867.2	—	867.2
Foreign exchange contracts	—	31.3	—	31.3
Equity contracts	58.0	44.6	—	102.6
Credit contracts	—	—	12.4	12.4
Embedded derivative on reinsurance	—	95.9	—	95.9
Total liabilities	$58.0	$1,039.0	$2,981.7	$4,078.7

[1] Primarily U.S. dollar denominated.
[2] Guaranteed minimum accumulation benefits ("GMAB"), Guaranteed minimum withdrawal benefits ("GMWB") and Guaranteed minimum withdrawal benefits with life payouts ("GMWBL").

Voya Financial, Inc.
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The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities, including securities pledged:				
U.S. Treasuries	$4,617.0	$564.2	$—	$5,181.2
U.S. Government agencies and authorities	—	604.5	14.4	618.9
U.S. corporate, state and municipalities	—	37,303.2	456.5	37,759.7
Foreign(1)	—	16,202.2	154.3	16,356.5
Residential mortgage-backed securities	—	7,025.1	98.6	7,123.7
Commercial mortgage-backed securities	—	3,752.1	—	3,752.1
Other asset-backed securities	—	1,867.5	59.2	1,926.7
Total fixed maturities, including securities pledged	4,617.0	67,318.8	783.0	72,718.8
Equity securities, available-for-sale	238.5	20.6	55.3	314.4
Derivatives:				
Interest rate contracts	—	912.0	—	912.0
Foreign exchange contracts	—	24.1	—	24.1
Equity contracts	1.9	83.3	87.5	172.7
Credit contracts	—	33.2	7.3	40.5
Cash and cash equivalents, short-term investments and short-term investments under securities loan agreements	4,396.9	44.9	—	4,441.8
Assets held in separate accounts	101,437.5	5,376.5	13.1	106,827.1
Total assets	$110,691.8	$73,813.4	$946.2	$185,451.4
Percentage of Level to total	59.7 %	39.8 %	0.5 %	100.0 %
Liabilities:				
Derivatives:				
Annuity product guarantees:				
FIA	$—	$—	$1,736.7	$1,736.7
GMAB/GMWB/GMWBL	—	—	908.9	908.9
Stabilizer and MCGs	—	—	—	—
Other derivatives:				
Interest rate contracts	—	1,239.5	—	1,239.5
Foreign exchange contracts	—	44.9	—	44.9
Equity contracts	20.9	32.0	—	52.9
Credit contracts	—	—	14.5	14.5
Embedded derivative on reinsurance	—	79.0	—	79.0
Total liabilities	$20.9	$1,395.4	$2,660.1	$4,076.4

(1) Primarily U.S. dollar denominated.

Valuation of Financial Assets and Liabilities at Fair Value

Certain assets and liabilities are measured at estimated fair value on the Company's Condensed Consolidated Balance Sheets. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The exit price and the transaction (or entry) price will be the same at initial recognition in many circumstances.

However, in certain cases, the transaction price may not represent fair value. The fair value of a liability is based on the amount that would be paid to transfer a liability to a third-party with an equal credit standing. Fair value is required to be a market-based measurement that is determined based on a hypothetical transaction at the measurement date from a market participant’s perspective. The Company considers three broad valuation techniques when a quoted price is unavailable: (i) the market approach, (ii) the income approach and (iii) the cost approach. The Company determines the most appropriate valuation technique to use, given the instrument being measured and the availability of sufficient inputs. The Company prioritizes the inputs to fair valuation techniques and allows for the use of unobservable inputs to the extent that observable inputs are not available.

The Company utilizes a number of valuation methodologies to determine the fair values of its financial assets and liabilities in conformity with the concepts of "exit price" and the fair value hierarchy as prescribed in ASC Topic 820. Valuations are obtained from third-party commercial pricing services, brokers and industry-standard, vendor-provided software that models the value based on market observable inputs. The valuations obtained from third-party commercial pricing services are non-binding. The Company reviews the assumptions and inputs used by third-party commercial pricing services for each reporting period in order to determine an appropriate fair value hierarchy level. The documentation and analysis obtained from third-party commercial pricing services are reviewed by the Company, including in-depth validation procedures confirming the observability of inputs. The valuations are reviewed and validated monthly through the internal valuation committee price variance review, comparisons to internal pricing models, back testing to recent trades or monitoring of trading volumes.

Transfers in and out of Level 1 and 2

There were no securities transferred between Level 1 and Level 2 for the three months ended March 31, 2014 and 2013. The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.

Level 3 Financial Instruments

The fair values of certain assets and liabilities are determined using prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (i.e., Level 3 as defined by ASC Topic 820), including but not limited to liquidity spreads for investments within markets deemed not currently active. These valuations, whether derived internally or obtained from a third-party, use critical assumptions that are not widely available to estimate market participant expectations in valuing the asset or liability. In addition, the Company has determined, for certain financial instruments, an active market is such a significant input to determine fair value that the presence of an inactive market may lead to classification in Level 3. In light of the methodologies employed to obtain the fair values of financial assets and liabilities classified as Level 3, additional information is presented below.

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

The following table summarizes the change in fair value of the Company’s Level 3 assets and liabilities and transfers in and out of Level 3 for the three months ended March 31, 2014:

	Fair Value as of January 1	Total Realized/Unrealized Gains (Losses) Included in: Net Income	OCI	Purchases	Issuances	Sales	Settlements	Transfers into Level 3[2]	Transfers out of Level 3[2]	Fair Value as of March 31	Change In Unrealized Gains (Losses) Included in Earnings[3]
Fixed maturities, including securities pledged:											
U.S. Government agencies and authorities	$14.4	$—	$—	$—	$—	$—	$(0.2)	$—	$(7.0)	$7.2	$—
U.S. corporate, state and municipalities	456.5	—	4.5	108.0	—	—	(10.1)	12.8	(3.0)	568.7	—
Foreign	154.3	—	1.6	—	—	—	(0.2)	—	(25.0)	130.7	—
Residential mortgage-backed securities	98.6	(2.8)	0.8	—	—	—	(0.6)	8.8	(0.4)	104.4	(2.8)
Commercial mortgage-backed securities	—	—	—	24.9	—	—	—	—	—	24.9	—
Other asset-backed securities	59.2	3.1	(2.5)	—	—	—	(17.6)	—	—	42.2	1.0
Total fixed maturities including securities pledged	783.0	0.3	4.4	132.9	—	—	(28.7)	21.6	(35.4)	878.1	(1.8)
Equity securities, available-for-sale	55.3	(0.9)	2.8	—	—	(0.1)	—	—	—	57.1	(0.9)
Derivatives:											
Product guarantees:											
FIA[1]	(1,736.7)	(42.4)	—	—	(50.3)	—	21.4	—	—	(1,808.0)	—
GMAB/GMWB/GMWBL[1]	(908.9)	(195.9)	—	—	(38.6)	—	0.1	—	—	(1,143.3)	—
Stabilizer and MCGs[1]	—	(16.8)	—	(1.2)	—	—	—	—	—	(18.0)	—
Other derivatives, net	80.3	1.0	—	7.4	—	—	(21.6)	—	—	67.1	(12.7)
Assets held in separate accounts[4]	13.1	—	—	5.8	—	(1.0)	—	—	—	17.9	—

[1] All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract-by contract basis. These amounts are included in Other net realized gains (losses) in the Condensed Consolidated Statements of Operations.
[2] The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.
[3] For financial instruments still held as of March 31, amounts are included in Net investment income and Total net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
[4] The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which result in a net zero impact on net income for the Company.

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

The following table summarizes the change in fair value of the Company's Level 3 assets and liabilities and transfers in and out of Level 3 for the three months ended March 31, 2013:

	Fair Value as of January 1	Total Realized/Unrealized Gains (Losses) Included in:		Purchases	Issuances	Sales	Settlements	Transfers into Level 3[2]	Transfers out of Level 3[2]	Fair Value as of March 31	Change In Unrealized Gains (Losses) Included in Earnings[3]
		Net Income	OCI								
Fixed maturities, including securities pledged:											
U.S. Government agencies and authorities	$—	$ —	$ —	$ —	$ —	$—	$ —	$ —	$ —	$—	$ —
U.S. corporate, state and municipalities	524.2	(0.1)	2.2	50.1	—	—	(13.5)	58.5	(64.6)	556.8	(0.1)
Foreign	104.2	—	4.8	—	—	—	(1.7)	—	—	107.3	—
Residential mortgage-backed securities	74.1	(1.8)	—	16.0	—	—	(0.2)	0.2	—	88.3	(1.8)
Commercial mortgage-backed securities	—	—	—	—	—	—	—	—	—	—	—
Other asset-backed securities	115.2	5.9	(0.7)	—	—	—	(19.5)	0.3	(0.3)	100.9	3.7
Total fixed maturities including securities pledged	817.7	4.0	6.3	66.1	—	—	(34.9)	59.0	(64.9)	853.3	1.8
Equity securities, available-for-sale	55.8	(0.3)	1.8	2.0	—	(1.9)	—	51.8	(49.8)	59.4	—
Derivatives:											
Product guarantees:											
FIA[1]	(1,434.3)	(123.7)	—	—	(15.1)	—	11.4	—	—	(1,561.7)	—
GMAB/GMWB/GMWBL[1]	(2,035.4)	444.5	—	—	(37.8)	—	0.1	—	—	(1,628.6)	—
Stabilizer and MCGs[1]	(102.0)	25.5	—	(1.5)	—	—	—	—	—	(78.0)	—
Other derivatives, net	22.9	44.7	—	6.3	—	—	(8.4)	—	—	65.5	37.6
Assets held in separate accounts[4]	16.3	—	—	0.2	—	(6.6)	—	2.2	(9.9)	2.2	—

[1] All gains and losses on Level 3 liabilities are classified as realized gains (losses) for the purpose of this disclosure because it is impracticable to track realized and unrealized gains (losses) separately on a contract-by contract basis. These amounts are included in Other net realized gains (losses) in the Condensed Consolidated Statements of Operations.
[2] The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.
[3] For financial instruments still held as of March 31, amounts are included in Net investment income and Total net realized capital gains (losses) in the Condensed Consolidated Statements of Operations.
[4] The investment income and realized gains (losses) and change in unrealized gains (losses) included in net income for separate account assets are offset by an equal amount for separate account liabilities, which result in a net zero impact on net income for the Company.

For the three months ended March 31, 2014 and 2013, the transfers in and out of Level 3 for fixed maturities and separate accounts, as well as equity securities for the three months ended March 31, 2013, were due to the variation in inputs relied upon for valuation each quarter. Securities that are primarily valued using independent broker quotes when prices are not available from one of the commercial pricing services are reflected as transfers into Level 3. When securities are valued using more widely available information, the securities are transferred out of Level 3 and into Level 1 or 2, as appropriate.

Significant Unobservable Inputs

Quantitative information about the significant unobservable inputs used in the Company's Level 3 fair value measurements of its annuity product guarantees is presented in the following sections and table.

The Company's Level 3 fair value measurements of its fixed maturities, equity securities available-for-sale and equity and credit derivative contracts are primarily based on broker quotes for which the quantitative detail of the unobservable inputs is neither provided nor reasonably corroborated, thus negating the ability to perform a sensitivity analysis. The Company performs a review of broker quotes by performing a monthly price variance comparison and back tests broker quotes to recent trade prices.

Significant unobservable inputs used in the fair value measurements of GMABs, GMWBs and GMWBLs include long-term equity and interest rate implied volatility, correlations between the rate of return on policyholder funds and between interest rates and equity returns, nonperformance risk, mortality and policyholder behavior assumptions, such as benefit utilization, lapses and partial withdrawals.

Significant unobservable inputs used in the fair value measurements of FIAs include nonperformance risk and lapses. Such inputs are monitored quarterly.

The significant unobservable inputs used in the fair value measurement of the Stabilizer embedded derivatives and MCG derivative are interest rate implied volatility, nonperformance risk, lapses and policyholder deposits. Such inputs are monitored quarterly.

Following is a description of selected inputs:

Equity / Interest Rate Volatility: A term-structure model is used to approximate implied volatility for the equity indices and swap rates for GMAB, GMWB and GMWBL fair value measurements and swap rates for the Stabilizer and MCG fair value measurements. Where no implied volatility is readily available in the market, an alternative approach is applied based on historical volatility.

Correlations: Integrated interest rate and equity scenarios are used in GMAB, GMWB and GMWBL fair value measurements to better reflect market interest rates and interest rate volatility correlations between equity and fixed income fund groups and between equity fund groups and interest rates. The correlations are based on historical fund returns and swap rates from external sources.

Nonperformance Risk: For the estimate of the fair value of embedded derivatives associated with the Company's product guarantees, the Company uses a blend of observable, similarly rated peer company credit default swap spreads, adjusted to reflect the credit quality of the individual insurance company subsidiary that issued the guarantee and the priority of policyholder claims.

Actuarial Assumptions: Management regularly reviews actuarial assumptions, which are based on the Company's experience and periodically reviewed against industry standards. Industry standards and Company experience may be limited on certain products.

Voya Financial, Inc.
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The following table presents the unobservable inputs for Level 3 fair value measurements as of March 31, 2014:

Unobservable Input	Range[1] GMWB / GMWBL	GMAB	FIA	Stabilizer / MCG
Long-term equity implied volatility	15% to 25%	15% to 25%	—	—
Interest rate implied volatility	0.2% to 16%	0.2% to 16%	—	0.2% to 7.6%
Correlations between:				
Equity Funds	50% to 98%	50% to 98%	—	—
Equity and Fixed Income Funds	-38% to 62%	-38% to 62%	—	—
Interest Rates and Equity Funds	-31% to -14%	-31% to -14%	—	—
Nonperformance risk	-0.1% to 0.79%	-0.1% to 0.79%	-0.1% to 0.79%	-0.1% to 0.79%
Actuarial Assumptions:				
Benefit Utilization	85% to 100% [2]	—	—	—
Partial Withdrawals	0% to 10%	0% to 10%	—	—
Lapses	0.08% to 40% [3]	0.08% to 31% [3]	0% to 10% [3]	0% to 55% [4]
Policyholder Deposits[5]	—	—	—	0% to 60% [4]
Mortality	— [6]	— [6]	—	—

[1] Represents the range of reasonable assumptions that management has used in its fair value calculations.

[2] Those policyholders who have elected systematic withdrawals are assumed to continue taking withdrawals. As a percent of account value, 31% are taking systematic withdrawals. Of those policyholders who are not taking withdrawals, we assume that 85% will begin systematic withdrawals after a delay period. The utilization function varies by policyholder age and policy duration. Interactions with lapse and mortality also affect utilization. The utilization rate for GMWB and GMWBL tends to be lower for younger contract owners and contracts that have not reached their maximum accumulated GMWB and GMWBL benefit amount. There is also a lower utilization rate, though indirectly, for contracts that are less "in the money" (i.e., where the notional benefit amount is in excess of the account value) due to higher lapses. Conversely, the utilization rate tends to be higher for contract owners near or beyond retirement age and contracts that have accumulated their maximum GMWB or GMWBL benefit amount. There is also a higher utilization rate, though indirectly, for contracts which are highly "in the money". The chart below provides the GMWBL account value by current age group and average expected delay times from the associated attained age group as of March 31, 2014 (account value amounts are in $ billions).

	Account Values			
Attained Age Group	In the Money	Out of the Money	Total	Average Expected Delay (Years)
< 60	$2.4	$1.0	$3.4	5.4
60-69	5.6	1.9	7.5	1.2
70+	4.4	1.1	5.5	0.0
	$12.4	$4.0	$16.4	2.2

[3] Lapse rates tend to be lower during the contractual surrender charge period and higher after the surrender charge period ends; the highest lapse rates occur in the year immediately after the end of the surrender charge period. The

Company makes dynamic adjustments to lower the lapse rates for contracts that are more "in the money." The table below shows an analysis of policy account values according to whether they are in or out of the surrender charge period and to whether they are "in the money" or "out of the money" as of March 31, 2014 (account value amounts are in $ billions).

		GMAB			GMWB/GMWBL	
	Moneyness	Account Value		Lapse Range	Account Value	Lapse Range
During Surrender Charge Period						
	In the Money**	$—	*	0.08% to 8.2%	$6.2	0.08% to 5.5%
	Out of the Money	—	*	0.41% to 12%	2.5	0.36% to 11%
After Surrender Charge Period						
	In the Money**	$—	*	2.5% to 21%	$6.2	1.5% to 21%
	Out of the Money	0.1		12% to 31%	2.2	6.9% to 40%

* Less than $0.1.
** The low end of the range corresponds to policies that are highly "in the money." The high end of the range corresponds to the policies that are close to zero in terms of "in the moneyness."

Voya Financial, Inc.
Notes to the Condensed Consolidated Financial Statements (Unaudited)
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(4) Stabilizer contracts with recordkeeping agreements have a different range of lapse and policyholder deposit assumptions from Stabilizer (Investment only) and MCG contracts as shown below:

	Percentage of Plans		Overall Range of Lapse Rates	Range of Lapse Rates for 85% of Plans	Overall Range of Policyholder Deposits	Range of Policyholder Deposits for 85% of Plans
Stabilizer (Investment Only) and MCG Contracts	88	%	0-30%	0-15%	0-55%	0-15%
Stabilizer with Recordkeeping Agreements	12	%	0-55%	0-25%	0-60%	0-30%
Aggregate of all plans	100	%	0-55%	0-25%	0-60%	0-30%

(5) Measured as a percentage of assets under management or assets under administration.
(6) The mortality rate is based on the Annuity 2000 Basic table with mortality improvements.

The following table presents the unobservable inputs for Level 3 fair value measurements as of December 31, 2013:

	Range(1)						
Unobservable Input	GMWB / GMWBL		GMAB		FIA		Stabilizer / MCG	
Long-term equity implied volatility	15% to 25%		15% to 25%		—		—	
Interest rate implied volatility	0.2% to 16%		0.2% to 16%		—		0.2% to 8.0%	
Correlations between:								
Equity Funds	50% to 98%		50% to 98%		—		—	
Equity and Fixed Income Funds	-33% to 62%		-33% to 62%		—		—	
Interest Rates and Equity Funds	-30% to -14%		-30% to -14%		—		—	
Nonperformance risk	-0.1% to 0.79%		-0.1% to 0.79%		-0.1% to 0.79%		-0.1% to 0.79%	
Actuarial Assumptions:								
Benefit Utilization	85% to 100%	(2)	—		—		—	
Partial Withdrawals	0% to 10%		0% to 10%		—		—	
Lapses	0.08% to 40%	(3)	0.08% to 31%	(3)	0% to 10%	(3)	0% to 55%	(4)
Policyholder Deposits(5)	—		—		—		0% to 60%	(4)
Mortality	—	(6)	—	(6)	—		—	

(1) Represents the range of reasonable assumptions that management has used in its fair value calculations.
(2) Those policyholders who have elected systematic withdrawals are assumed to continue taking withdrawals. As a percent of account value, 30% are taking systematic withdrawals. Of those policyholders who are not taking withdrawals, we assume that 85% will begin systematic withdrawals after a delay period. The utilization function varies by policyholder age and policy duration. Interactions with lapse and mortality also affect utilization. The utilization rate for GMWB and GMWBL tends to be lower for younger contract owners and contracts that have not reached their maximum accumulated GMWB and GMWBL benefit amount. There is also a lower utilization rate, though indirectly, for contracts that are less "in the money" (i.e., where the notional benefit amount is in excess of the account value) due to higher lapses. Conversely, the utilization rate tends to be higher for contract owners near or beyond retirement age and contracts that have accumulated their maximum GMWB or GMWBL benefit

amount. There is also a higher utilization rate, though indirectly, for contracts which are highly "in the money".
The chart below provides the GMWBL account value by current age group and average expected delay times from the associated attained age group as of December 31, 2013 (account value amounts are in $ billions).

	Account Values				
Attained Age Group	In the Money	Out of the Money	Total	Average Expected Delay (Years)	
< 60	$2.1	$1.4	$3.5	5.4	
60-69	5.1	2.6	7.7	1.4	
70+	4.0	1.3	5.3	0.0	*
	$11.2	$5.3	$16.5	2.3	

* Less than 0.1

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(Dollar amounts in millions, unless otherwise stated)

(3) Lapse rates tend to be lower during the contractual surrender charge period and higher after the surrender charge period ends; the highest lapse rates occur in the year immediately after the end of the surrender charge period. The Company makes dynamic adjustments to lower the lapse rates for contracts that are more “in the money.” The table below shows an analysis of policy account values according to whether they are in or out of the surrender charge period and to whether they are "in the money" or "out of the money" as of December 31, 2013 (account value amounts are in $ billions).

	Moneyness	GMAB Account Value		Lapse Range	GMWB/GMWBL Account Value	Lapse Range
During Surrender Charge Period						
	In the Money**	$—	*	0.08% to 8.2%	$5.7	0.08% to 5.5%
	Out of the Money	—	*	0.41% to 12%	3.3	0.36% to 11%
After Surrender Charge Period						
	In the Money**	$—	*	2.5% to 21%	$5.6	1.5% to 21%
	Out of the Money	0.1		12% to 31%	2.8	6.9% to 40%

* Less than $0.1
** The low end of the range corresponds to policies that are highly "in the money." The high end of the range corresponds to the policies that are close to zero in terms of "in the moneyness."

(4) Stabilizer contracts with recordkeeping agreements have a different range of lapse and policyholder deposit assumptions from Stabilizer (Investment only) and MCG contracts as shown below:

	Percentage of Plans		Overall Range of Lapse Rates	Range of Lapse Rates for 85% of Plans	Overall Range of Policyholder Deposits	Range of Policyholder Deposits for 85% of Plans
Stabilizer (Investment Only) and MCG Contracts	88	%	0-30%	0-15%	0-55%	0-15%
Stabilizer with Recordkeeping Agreements	12	%	0-55%	0-25%	0-60%	0-30%
Aggregate of all plans	100	%	0-55%	0-25%	0-60%	0-30%

(5) Measured as a percentage of assets under management or assets under administration.
(6) The mortality rate is based on the Annuity 2000 Basic table with mortality improvements.

Generally, the following will cause an increase (decrease) in the GMAB, GMWB and GMWBL embedded derivative fair value liabilities:

- An increase (decrease) in long-term equity implied volatility
- An increase (decrease) in interest rate implied volatility
- An increase (decrease) in equity-interest rate correlations
- A decrease (increase) in nonperformance risk
- A decrease (increase) in mortality

- An increase (decrease) in benefit utilization
- A decrease (increase) in lapses

Changes in fund correlations may increase or decrease the fair value depending on the direction of the movement and the mix of funds. Changes in partial withdrawals may increase or decrease the fair value depending on the timing and magnitude of withdrawals.

Generally, the following will cause an increase (decrease) in the FIA embedded derivative fair value liability:

- A decrease (increase) in nonperformance risk
- A decrease (increase) in lapses

Generally, the following will cause an increase (decrease) in the derivative and embedded derivative fair value liabilities related to Stabilizer and MCG contracts:

- An increase (decrease) in interest rate implied volatility
- A decrease (increase) in nonperformance risk

- A decrease (increase) in lapses
- A decrease (increase) in policyholder deposits

The Company notes the following interrelationships:

- Higher long-term equity implied volatility is often correlated with lower equity returns, which will result in higher in-the-moneyness, which in turn, results in lower lapses due to the dynamic lapse component reducing the lapses. This increases the projected number of policies that are available to use the GMWBL benefit and may also increase the fair value of the GMWBL.

- Generally, an increase (decrease) in benefit utilization will decrease (increase) lapses for GMWB and GMWBL.

- Generally, an increase (decrease) in interest rate volatility will increase (decrease) lapses of Stabilizer and MCG contracts due to dynamic participant behavior.

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Other Financial Instruments

The carrying values and estimated fair values of the Company's financial instruments as of the dates indicated:

	March 31, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Fixed maturities, including securities pledged	$74,803.1	$74,803.1	$72,718.8	$72,718.8
Equity securities, available-for-sale	276.6	276.6	314.4	314.4
Mortgage loans on real estate	9,258.1	9,336.9	9,312.2	9,404.7
Policy loans	2,119.7	2,119.7	2,147.0	2,147.0
Limited partnerships/corporations	218.9	218.9	236.4	236.4
Cash, cash equivalents, short-term investments and short-term investments under securities loan agreements	4,104.6	4,104.6	4,441.8	4,441.8
Derivatives	1,044.7	1,044.7	1,149.3	1,149.3
Other investments	124.1	130.6	124.6	131.1
Assets held in separate accounts	107,840.0	107,840.0	106,827.1	106,827.1
Liabilities:				
Investment contract liabilities:				
Funding agreements without fixed maturities and deferred annuities[1]	49,732.6	54,566.8	49,418.4	53,713.8
Funding agreements with fixed maturities and guaranteed investment contracts	2,332.0	2,310.5	2,692.3	2,663.9
Supplementary contracts, immediate annuities and other	3,542.0	3,799.7	3,383.6	3,567.3
Derivatives:				
Annuity product guarantees:				
FIA	1,808.0	1,808.0	1,736.7	1,736.7
GMAB/GMWB/GMWBL	1,143.3	1,143.3	908.9	908.9
Stabilizer and MCGs	18.0	18.0	—	—
Other derivatives	1,013.5	1,013.5	1,351.8	1,351.8
Long-term debt	3,515.0	3,824.9	3,514.7	3,717.8
Embedded derivatives on reinsurance	95.9	95.9	79.0	79.0

[1] Certain amounts included in Funding agreements without fixed maturities and deferred annuities are also reflected within the Annuity product guarantees section of the table above.

The following disclosures are made in accordance with the requirements of ASC Topic 825 which requires disclosure of fair value information about financial instruments, whether or not recognized at fair value on the Condensed Consolidated Balance Sheets, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates, in many cases, could not be realized in immediate settlement of the instrument.

ASC Topic 825 excludes certain financial instruments, including insurance contracts and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following valuation methods and assumptions were used by the Company in estimating the fair value of the following financial instruments, which are not carried at fair value on the Condensed Consolidated Balance Sheets:

Mortgage loans on real estate: The fair values for mortgage loans on real estate are estimated on a monthly basis using discounted cash flow analyses and rates currently being offered in the marketplace for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. Mortgage loans on real estate are classified as Level 3.

Policy loans: The fair value of policy loans approximates the carrying value of the loans. Policy loans are collateralized by the cash surrender value of the associated insurance contracts and are classified as Level 2.

Limited partnerships/corporations: The fair value for these investments, primarily private equity fund of funds and hedge funds, is based on actual or estimated Net Asset Value ("NAV") information, as provided by the investee and are classified as Level 3.

Other investments: Federal Home Loan Bank ("FHLB") stock is carried at cost and periodically evaluated for impairment based on ultimate recovery of par value and is classified as Level 1.

Investment contract liabilities:

Funding agreements without a fixed maturity and deferred annuities: Fair value is estimated as the mean present value of stochastically modeled cash flows associated with the contract liabilities taking into account assumptions about contract holder behavior. The stochastic valuation scenario set is consistent with current market parameters and discount is taken using stochastically evolving risk-free rates in the scenarios plus an adjustment for nonperformance risk. Margins for non-financial risks associated with the contract liabilities are also included. These liabilities are classified as Level 3.

Funding agreements with a fixed maturity and guaranteed investment contracts: Fair value is estimated by discounting cash flows, including associated expenses for maintaining the contracts, at rates, that are risk-free rates plus an adjustment for nonperformance risk. These liabilities are classified as Level 2.

Supplementary contracts and immediate annuities: Fair value is estimated as the mean present value of the single deterministically modeled cash flows associated with the contract liabilities discounted using stochastically evolving short risk-free rates in the scenarios plus an adjustment for nonperformance risk. The valuation is consistent with current market parameters. Margins for non-financial risks associated with the contract liabilities are also included. These liabilities are classified as Level 3.

Long-term debt: Estimated fair value of the Company's long-term debt is based upon discounted future cash flows using a discount rate approximating the current market rate, incorporating nonperformance risk. Long-term debt is classified as Level 2.

Fair value estimates are made at a specific point in time, based on available market information and judgments about various financial instruments, such as estimates of timing and amounts of future cash flows. Such estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized capital gains (losses). In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate settlement of the instruments. In evaluating the Company's management of interest rate, price and liquidity risks, the fair values of all assets and liabilities should be taken into consideration, not only those presented above.

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5. Deferred Policy Acquisition Costs and Value of Business Acquired

Activity within deferred policy acquisition costs ("DAC") and value of business acquired ("VOBA") was as follows for the periods indicated:

	DAC	VOBA	Total
Balance at January 1, 2014	$4,316.1	$1,035.5	$5,351.6
Deferrals of commissions and expenses	91.6	3.4	95.0
Amortization:			
Amortization	(159.6)	(47.3)	(206.9)
Interest accrued[1]	58.3	22.5	80.8
Net amortization included in Condensed Consolidated Statements of Operations	(101.3)	(24.8)	(126.1)
Change in unrealized capital gains/losses on available-for-sale securities	(293.3)	(166.4)	(459.7)
Balance at March 31, 2014	$4,013.1	$847.7	$4,860.8

	DAC	VOBA	Total
Balance at January 1, 2013	$3,221.6	$434.7	$3,656.3
Deferrals of commissions and expenses	104.5	3.3	107.8
Amortization:			
Amortization	(174.8)	(36.6)	(211.4)
Interest accrued[1]	58.4	22.5	80.9
Net amortization included in Condensed Consolidated Statements of Operations	(116.4)	(14.1)	(130.5)
Change in unrealized capital gains/losses on available-for-sale securities	262.0	124.0	386.0
Balance at March 31, 2013	$3,471.7	$547.9	$4,019.6

[1]Interest accrued at the following rates for DAC: 0.6% to 7.4% during 2014 and 1.7% to 7.4% during 2013. Interest accrued at the following rates for VOBA: 4.1% to 7.5% during 2014 and 3.0% to 7.5% during 2013.

6. Share-based Incentive Compensation Plans

ING U.S., Inc. 2013 Omnibus Employee Incentive Plan

The Company provides equity-based compensation awards to its employees principally under the ING U.S., Inc. 2013 Omnibus Employee Incentive Plan (the “Omnibus Plan”), which the Company adopted in connection with the IPO. At inception of the Omnibus Plan, a total of 7,650,000 shares of Company common stock were reserved and available for issuance under the Omnibus Plan. As of March 31, 2014, common stock reserved and available for issuance under the Omnibus Plan was 102,408 shares.

The Omnibus Plan permits the granting of a wide range of equity-based awards, including restricted stock units ("RSUs"), which represent the right to receive a number of shares of Company common stock upon vesting; restricted stock, which are shares of Company stock that are subject to sale and transfer restrictions until the vesting conditions are met; performance share units (“PSUs”) awards, which are RSUs subject to certain time- and performance-based vesting conditions, and under which the number of shares of common stock delivered upon vesting varies with the level of achievement of performance criteria; and stock options. Grants of equity-based awards under the Omnibus Plan are made by the Compensation and Benefits Committee (the “Committee”) of the Board of Directors of the Company, and are subject to such terms and conditions as the Committee may determine, including in respect of vesting and forfeiture, subject to certain limitations provided in the Omnibus Plan. Equity-based awards under the Omnibus Plan may carry dividend equivalent rights, pursuant to which notional dividends accumulate on unvested equity awards and are paid, in cash, upon vesting. To date, all awards made under the Omnibus Plan have included dividend equivalent rights.

Dividend equivalents are credited to the recipient and are paid only to the extent the applicable performance criteria and service conditions are met.

During the three months ended March 31, 2014, the Company awarded only RSUs and PSUs under the Omnibus Plan. PSUs awarded in the first quarter of 2014 entitle recipients to receive, upon vesting, a number of shares of common stock that ranges from 0% to 150% of the number of PSUs awarded, depending on the level of achievement of the specified performance conditions. The establishment and the achievement of performance objectives is determined and approved by the Committee. These RSUs and PSUs vest no earlier than one year from the date of the award and no later than four years from the date of the award. Dividend equivalents are credited to the recipient and are paid only to the extent the applicable performance criteria and service conditions are met. In the case of retirement (as defined in the award agreement), awards vest depending on the employee’s age and years of service subject to the satisfaction of the applicable performance criteria.

If an award under the Omnibus Plan is forfeited, expired, terminated, or otherwise lapses, the shares of Company common stock underlying that award will again become available for issuance under the Omnibus Plan. Shares withheld by the Company to pay employee taxes, or which are withheld by or tendered to the Company to pay the exercise price of stock options (or are repurchased from an option holder by the Company with proceeds from the exercise of stock options) are not available for reissuance.

As of March 31, 2014, there were no stock options issued or outstanding under the Omnibus Plan.

Deal Incentive Awards: Upon closing of the IPO, RSUs were granted to employees of the Company under the Omnibus Plan in connection with Deal Incentive Awards. Deal Incentive Awards are conditional agreements to grant equity awards to certain employees of the Company, upon the closing of the IPO or upon the satisfaction of certain other conditions. RSUs granted in connection with Deal Incentive Awards are subject to certain vesting conditions, lockup period and other holding requirements.

Due to (1) the completion of the Secondary Offering in 2013 and the ending of the related underwriters' lockup period and (2) the March 2014 Offering, 849,555 RSUs vested during the three months ended March 31, 2014 but have not been issued as of March 31, 2014. As of March 31, 2014, an additional 165,642 Deal Incentive Awards RSUs with a grant date fair value of $30.03 will proportionally vest and be recognized as compensation costs upon further sales of Company stock by ING Group.

ING U.S., Inc. 2013 Omnibus Non-Employee Director Incentive Plan

The Company offers equity-based awards to ING U.S. Inc. non-employee directors under the ING U.S., Inc. 2013 Omnibus Non-Employee Director Incentive Plan (“2013 Director Plan”), which the Company adopted in connection with the IPO. A total of 88,000 shares of Company common stock were initially reserved and available for issuance under the 2013 Director Plan. The material terms of the 2013 Director Plan are substantially consistent with the material terms of the 2013 Omnibus Plan described above.

Non-Employee Director Service Grants: In March 2014, the Company granted RSUs to the non-employee directors serving on the Board. These awards vest half on the second anniversary of the grant date, and one-quarter vest on the third and fourth anniversaries of the grant date, in each case provided that the grantee remains a director of the Company on the relevant vesting date, and provided that no shares will be delivered in connection with the RSUs until such time as service on the Board is terminated.

ING U.S., Inc. 2014 Employee Phantom Stock Plan

The Company provides certain of its non-executive employees with cash-settled awards under the ING U.S., Inc. 2014 Employee Phantom Stock Plan (the “Phantom Plan”). Awards made under the Phantom Plan are designed to provide grantees with an economic benefit that is equivalent to an analogous grant under the Omnibus Plan, however the Company must deliver cash, and may not deliver equity, upon vesting of such awards. Awards are granted in the form of phantom RSUs and phantom PSUs, each of which is designed to mirror the value of an equity-settled RSU or PSU awarded under the Omnibus Plan, with the cash settlement value determined based on the closing price of a share of Company common stock on the New York Stock Exchange on the trading day immediately preceding the date such award vests. As of March 31, 2014, the Company had granted 183,874 phantom RSUs and 99,160 phantom PSUs to its employees.

ING Group Equity-Based Plans

Prior to the IPO, employees of the Company received equity-based compensation in the form of ING Group equity awards, pursuant to equity compensation plans adopted by ING Group. These plans included:

Long-term Sustainable Performance Plan: In 2012 and 2013 employees of the Company received ING Group-based equity awards under the Long-Term Sustainable Performance Plan ("LSPP") of ING Group. LSPP awards made to Company employees are settled by delivery of ING Group American Depository Receipts ("ADRs").

All LSPP awards to employees of the Company provided in 2013 were, upon the closing of the IPO, converted into Company-based equity awards under the Omnibus Plan. Outstanding awards made in 2012 were not converted. The PSUs were considered granted upon the establishment and communication of the performance measures for the applicable performance period by the Committee, which is generally carried out during the first quarter of each year, although awards in respect of the 2013 performance year were not granted until the second quarter of that year.

LSPP awards provided to the Company's employees in 2012 remain outstanding and will continue to vest according to the terms of their original grant. One-third of these awards vest, and the underlying ING Group ADRs are delivered, on each of the first, second and third anniversaries of the award date, provided that the participants are still employed by the Company on the relevant vesting date, and, in the case of performance-based LSPP, provided that the relevant performance conditions have been satisfied, as determined by the Committee and the Supervisory Board of ING Group.

Equity Compensation Plan: In 2012, and 2013, certain employees of the Company (principally those employed within the Investment Management business) received equity-based awards under ING America Insurance Holdings, Inc. Equity Compensation Plan (the "Equity Compensation Plan"). Awards made under the Equity Compensation Plan are in the form of restricted ING Group ADRs.

All Equity Compensation Plan awards to employees of the Company provided in 2013 were, upon the closing of the IPO, converted into company-based equity awards under the Omnibus Plan. These awards are subject to a three-year vesting period provided that the participant is still employed by the Company on the relevant vesting date.

Equity Compensation Plan awards to employees of the Company provided in 2012 remain outstanding and are subject to a three-year vesting period, provided that the participant is still employed by the Company on the relevant vesting date.

Compensation Cost

The Company measures the cost of the share-based awards at their grant date fair value, based upon the market value of the stock, and recognizes that cost over the vesting period. Differences in actual versus expected experience or changes in expected forfeitures are recognized in the period of change. Compensation expense is principally related to the granting of PSUs, RSUs and stock options and is recognized in Operating expenses in the Condensed

Consolidated Statements of Operations.

The liability related to the awards made under the Phantom Plan is recorded within Other liabilities. Unlike equity-based awards, which have a fixed grant-date fair value, the fair value of unsettled liability awards is remeasured at the end of each reporting period until the awards vest.

As a result of the reduction of ING Group's ownership in Voya Financial, Inc. to approximately 43% on March 25, 2014, the ING Group equity awards which were not converted to equity awards of Voya Financial, Inc. are no longer deemed to be granted to employees of ING Group. Therefore, beginning on March 25, 2014, the compensation cost will be remeasured at each reporting date until the awards vest. The remeasured cost will be recognized prospectively on a pro-rata basis equal to the proportion of service provided by the award recipients as nonemployees to the total requisite service period of the award. The corresponding amount for the 2012 ING Group LSPP awards will be recorded as a capital contribution. The corresponding amount for the restricted 2012 ING Group ADRs which were issued under the Equity Compensation Plan will be recorded as a liability. The impact of the remeasurement of the compensation cost of these awards for the three months ended March 31, 2014 was immaterial.

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The following table summarizes pre-tax share-based compensation costs, which includes costs related to awards granted under the Omnibus Plan, Director Plan, Phantom Plan and ING Group share-based compensation plan for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
RSUs[1]	$7.0	$4.8
RSUs - Deal incentive awards	5.6	—
PSU awards[1]	19.2	0.9
Stock options[2]	—	0.8
Phantom Plan	0.3	—
Share-based compensation[3]	$32.1	$6.5

[1] This table includes compensation costs of $1.8 and $10.6 with respect to ING Group RSUs and PSU awards, respectively, for the three months ended March 31, 2014. For the three months ended March 31, 2013, all share-based compensation costs are related to the ING Group equity-based compensation plans.
[2] All compensation costs recognized during the three months ended March 31, 2013 represents the associated portion with ING Group stock options held by the Company's employees.
[3] The Company recognized no income tax benefit due to recognized valuation allowances for all periods presented. See Note 9. Income Taxes to these Condensed Consolidated Financial Statements for additional information.

Awards Outstanding

The following table summarizes the number of awards under the Omnibus Plan for the period indicated:

	RSUs		RSUs - Deal Incentive Awards[1]		PSU Awards	
(awards in millions)	Number of Awards	Weighted Average Grant Date Fair Value	Number of Awards	Weighted Average Grant Date Fair Value	Number of Awards	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2013	1.6	$19.15	0.8	$19.50	0.5	$28.06
Adjustment for PSU performance factor	N/A	N/A	N/A	N/A	0.3	28.06
Granted	1.8	37.01	—	—	0.7	36.98
Vested	(0.1)	19.29	(0.8) [2]	19.50	(0.8)	28.06
Forfeited	— *	—	— *	—	— *	—
Outstanding at March 31, 2014	3.3	$28.66	—	$—	0.7	$36.86

* Less than 0.1.
[1] Excludes 273,504 RSUs granted in 2013 that proportionally vest upon sales of Company stock by ING Group.
[2] As of March 31, 2014, these vested shares have not yet been issued.

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7. Shareholders' Equity and Earnings per Common Share

Common Shares

The following table presents the rollforward of common shares used in calculating the weighted average shares utilized in the basic earnings per common share calculation for the periods indicated:

	Common Shares					
	2014			2013		
(shares in millions)	Issued	Held in Treasury	Outstanding	Issued	Held in Treasury	Outstanding
Common shares, balance at January 1	261.8	0.1	261.7	230.1	0.1	230.0
Common shares acquired - share buyback	—	7.5	(7.5)	—	—	—
Share-based compensation programs	0.8	0.3	0.5	—	—	—
Common shares, balance at March 31	262.6	7.9	254.7	230.1	0.1	230.0

Share Repurchase Program

On March 13, 2014, the Company's Board of Directors authorized a share repurchase program (the “Share Repurchase Program”), pursuant to which the Company may, from time to time, purchase shares of its common stock for an aggregate repurchase price not to exceed $300.0. Share repurchases may be executed through various means, including, without limitation, open market transactions, privately negotiated transactions or tender offers. The Share Repurchase Program does not have an expiration date and does not obligate the Company to purchase any shares. The authorization for the Share Repurchase Program may be terminated, increased or decreased by the Company’s Board of Directors at any time.

On March 25, 2014, the Company repurchased 7,255,853 shares of its common stock from ING Group for an aggregate purchase price of $250.0. This repurchase reduced the remaining authorization under the Share Repurchase Program to $50.0. As of March 31, 2014, the Company had subsequently repurchased an additional 250,000 shares of its common stock in open market transactions for an aggregate purchase price of $8.9, which settled on April 2, 2014.

Net Withholding of Shares

In connection with the vesting of equity-based compensation awards, employees may remit to the Company, or the Company may withhold into treasury stock, shares of common stock in respect of tax withholding obligations associated with such vesting. For the three months ended March 31, 2014, the Company increased its treasury stock by 306,408 shares in connection with such withholding activities.

Warrants

On May 7, 2013, the Company issued to ING Group warrants to purchase up to 26,050,846 shares of the Company's common stock equal in the aggregate to 9.99% of the issued and outstanding shares of common stock at that date. The warrants have an exercise price of $48.75 per share of common stock, are exercisable from May 7, 2014 to May 7, 2023 and are subject to certain exercise restrictions. The warrants are net share settled and are classified as permanent equity. They have been recorded at their fair value determined on the issuance date of May 7, 2013 in the amount of $94.0 as an addition and reduction to Additional-paid-in-capital. Warrant holders are not entitled to receive dividends.

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The following table presents a reconciliation of net income (loss) and shares used in calculating basic and diluted net income (loss) per common share for the periods indicated:

($ in millions, except for share and per share data)	Three Months Ended March 31,	
Earnings	2014	2013
Net income (loss) available to common shareholders:		
Net income (loss)	$271.6	$(225.5)
Less: Net income (loss) attributable to noncontrolling interest	13.5	(13.5)
Net income (loss) available to common shareholders	$258.1	$(212.0)
Weighted-average common shares outstanding		
Basic	261.1	230.0
Dilutive Effects:		
RSUs	1.0	—
RSUs - Deal incentive awards	0.8	—
PSU awards	0.6	—
Diluted	263.5	230.0
Net income (loss) per common share		
Basic	$0.99	$(0.92)
Diluted	0.98	(0.92)

Dividends to Common Shareholders

The declaration and payment of Common Stock dividends by the Company is subject to the discretion of its Board of Directors and will depend on the Company's overall financial condition, results of operations, capital levels, cash requirements, future prospects, receipt of dividends from Voya Financial, Inc.'s insurance subsidiaries, risk management considerations and other factors deemed relevant by the Board. There are no significant restrictions, other than those generally applicable to corporations incorporated in Delaware and those described in the Debt Securities-Junior Subordinated Notes Section within Management's Discussion and Analysis of Results of Operations and Financial Condition-Liquidity and Capital Resources to these Condensed Consolidated Financial Statements, on the payment of dividends by the Company.

On February 6, 2014, Voya Financial, Inc.'s Board of Directors declared a quarterly cash dividend of $0.01 per share of outstanding common stock. The dividend was paid on March 31, 2014 to shareholders of record of Voya Financial, Inc. as of February 28, 2014.

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8. Accumulated Other Comprehensive Income (Loss)

Shareholders' equity included the following components of Accumulated Other Comprehensive Income ("AOCI") as of the dates indicated:

	March 31, 2014	2013
Fixed maturities, net of OTTI	$4,759.7	$7,067.2
Equity securities, available-for-sale	31.8	35.8
Derivatives	158.0	201.5
DAC/VOBA adjustment on available-for-sale securities	(1,514.7)	(2,397.6)
Sales inducements adjustment on available-for-sale securities	(74.8)	(119.0)
Other	(28.0)	(28.8)
Unrealized capital gains (losses), before tax	3,332.0	4,759.1
Deferred income tax asset (liability)	(802.7)	(1,363.4)
Net unrealized capital gains (losses)	2,529.3	3,395.7
Pension and other postretirement benefits liability, net of tax	48.2	57.1
AOCI	$2,577.5	$3,452.8

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Changes in AOCI, including the reclassification adjustments recognized in the Condensed Consolidated Statements of Operations were as follows for the periods indicated:

	Three Months Ended March 31, 2014		
	Before-Tax Amount	Income Tax	After-Tax Amount
Available-for-sale securities:			
Fixed maturities	$1,588.4	(555.6)	1,032.8
Equity securities	(16.0)	4.2	(11.8)
Other	(0.3)	0.1	(0.2)
OTTI	15.6	(5.5)	10.1
Adjustments for amounts recognized in Net realized capital gains (losses) in the Condensed Consolidated Statements of Operations	(8.8)	3.1	(5.7)
DAC/VOBA	(459.7) [1]	160.9	(298.8)
Sales inducements	(16.7)	5.8	(10.9)
Change in unrealized gains/losses on available-for-sale securities	1,102.5	(387.0)	715.5
Derivatives:			
Derivatives	24.6 [2]	(8.6)	16.0
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Condensed Consolidated Statements of Operations	(1.4)	0.5	(0.9)
Change in unrealized gains/losses on derivatives	23.2	(8.1)	15.1
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Condensed Consolidated Statements of Operations	(3.4)	1.2	(2.2)
Change in pension and other postretirement benefits liability	(3.4)	1.2	(2.2)
Change in Other comprehensive income (loss)	$1,122.3	$(393.9)	$728.4

[1] See Note 5. Deferred Policy Acquisition Costs and Value of Business Acquired to these Condensed Consolidated Financial Statements for additional information.
[2] See Note 3. Derivative Financial Instruments to these Condensed Consolidated Financial Statements for additional information.

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	Three Months Ended March 31, 2013		
	Before-Tax Amount	Income Tax	After-Tax Amount
Available-for-sale securities:			
Fixed maturities	$(792.1)	$274.4	$(517.7)
Equity securities	(6.3)	2.2	(4.1)
Other	11.6	(4.1)	7.5
OTTI	10.9	(3.8)	7.1
Adjustments for amounts recognized in Net realized capital gains (losses) in the Condensed Consolidated Statements of Operations	(14.6)	5.1	(9.5)
DAC/VOBA	386.0 [1]	(135.1)	250.9
Sales inducements	28.4	(9.9)	18.5
Change in unrealized gains/losses on available-for-sale securities	(376.1)	128.8	(247.3)
Derivatives:			
Derivatives	(12.7) [2]	4.5	(8.2)
Adjustments related to effective cash flow hedges for amounts recognized in Net investment income in the Condensed Consolidated Statements of Operations	(0.2)	0.1	(0.1)
Change in unrealized gains/losses on derivatives	(12.9)	4.6	(8.3)
Pension and other postretirement benefits liability:			
Amortization of prior service cost recognized in Operating expenses in the Condensed Consolidated Statements of Operations	(3.5)	1.2	(2.3)
Change in pension and other postretirement benefits liability	(3.5)	1.2	(2.3)
Change in Other comprehensive income (loss)	$(392.5)	$134.6	$(257.9)

[1] See Note 5. Deferred Policy Acquisition Costs and Value of Business Acquired to these Condensed Consolidated Financial Statements for additional information.
[2] See Note 3. Derivative Financial Instruments to these Condensed Consolidated Financial Statements for additional information.

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9. Income Taxes

Income taxes were different from the amount computed by applying the federal income tax rate to income (loss) before income taxes for the following reasons for the periods indicated:

	Three Months Ended March 31,	
	2014	2013
Income (loss) before income taxes	$302.3	$(214.3)
Tax rate	35.0 %	35.0 %
Income tax expense (benefit) at federal statutory rate	105.8	(75.0)
Tax effect of:		
Valuation allowance	(53.0)	104.2
Dividend received deduction	(25.8)	(21.9)
Audit settlement	(1.1)	(2.1)
State tax expense (benefit)	6.5	4.1
Noncontrolling interest	(4.7)	4.7
Tax credits	—	(4.6)
Non-deductible expenses	0.4	4.3
Other	2.6	(2.5)
Income tax expense (benefit)	$30.7	$11.2

Valuation allowances are provided when it is considered unlikely that deferred tax assets will be realized. As of March 31, 2014 and December 31, 2013 the Company had total valuation allowances of approximately $2.8 billion. As of March 31, 2014 and December 31, 2013, $3.1 billion and $3.2 billion, respectively, of these valuation allowances were allocated to continuing operations, and $(354.1) as of the end of each period were allocated to Other comprehensive income related to realized and unrealized capital losses.

For the three months ended March 31, 2014 and 2013, the total increases (decreases) in the valuation allowance were $(53.0) and $104.2, respectively, which were allocated to continuing operations. There were no changes in the valuation allowance allocated to Other comprehensive income for the three months ended March 31, 2014 and 2013.

Tax Regulatory Matters

During April 2014, the IRS completed its examination of the Company's returns through tax year 2012. The 2012 audit settlement did not have a material impact on the financial statements. The Company is currently under audit by the IRS, and it is expected that the examination of tax year 2013 will be finalized within the next twelve months. The Company and the IRS have agreed to participate in the Compliance Assurance Program for the tax years 2013 and 2014.

The Company does not expect any material changes to the unrecognized tax benefits within the next year.

10. Financing Agreements

Short-term Debt

The Company did not have any short-term debt borrowings outstanding as of March 31, 2014 and December 31, 2013.

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Long-term Debt

The following table summarizes the carrying value of the Company’s long-term debt securities issued and outstanding as of March 31, 2014 and December 31, 2013:

	Maturity	March 31, 2014	December 31, 2013
7.25% Lion Connecticut Holdings, Inc. debentures due 2023[1]	08/15/2023	$158.7	$158.6
7.63% Lion Connecticut Holdings, Inc. debentures due 2026[1]	08/15/2026	232.2	232.1
8.42% Equitable of Iowa Companies Capital Trust II notes due 2027	04/01/2027	13.8	13.8
6.97% Lion Connecticut Holdings, Inc. debentures due 2036[1]	08/15/2036	108.6	108.6
1.00% Windsor Property Loan	06/14/2027	4.9	4.9
5.5% Senior Notes due 2022	07/15/2022	849.6	849.6
2.9% Senior Notes due 2018	02/15/2018	998.6	998.5
5.65% Fixed-to-Floating Rate Junior Subordinated Notes due 2053	05/15/2053	750.0	750.0
5.7% Senior Notes due 2043	07/15/2043	398.6	398.6
Subtotal		3,515.0	3,514.7
Less: Current portion of long-term debt		—	—
Total		$3,515.0	$3,514.7

[1] Guaranteed by ING Group.

As of March 31, 2014 and December 31, 2013, the Company was in compliance with all debt covenants.

Unsecured senior debt, which consists of senior fixed rate notes and guarantees of fixed rate notes, ranks highest in priority, followed by subordinated debt, which consists of junior subordinated debt securities.

Aetna Notes

ING Group guarantees various debentures of Lion Holdings that were assumed by Lion Holdings in connection with the Company's acquisition of Aetna's life insurance and related businesses in 2000 (the "Aetna Notes"). Concurrent with the completion of the Company's IPO, the Company entered into a shareholder agreement with ING Group that governs certain aspects of the Company's continuing relationship. The Company agreed in the shareholder agreement to reduce the aggregate outstanding principal amount of Aetna Notes to:

- no more than $400.0 as of December 31, 2015;
- no more than $300.0 as of December 31, 2016;
- no more than $200.0 as of December 31, 2017;
- no more than $100.0 as of December 31, 2018;
- and zero as of December 31, 2019.

The reduction in principal amount of Aetna Notes can be accomplished, at the Company’s option, through redemptions, repurchases or other means, but will also be deemed to have been reduced to the extent the Company posts collateral with a third-party collateral agent, for the benefit of ING Group, which may consist of cash collateral;

certain investment-grade debt instruments; a letter of credit ("LOC") meeting certain requirements; or senior debt obligations of ING Group or a wholly owned subsidiary of ING Group (other than the Company or its subsidiaries).

If the Company fails to reduce the outstanding principal amount of the Aetna Notes, the Company agreed to pay a quarterly fee (ranging from 0.5% per quarter for 2016 to 1.25% per quarter for 2019) to ING Group based on the outstanding principal amount of Aetna Notes which exceed the limits set forth above.

As of March 31, 2014, the outstanding principal amount of the Aetna Notes guaranteed by ING Group was $506.1.

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Credit Facilities

The following table outlines the Company's credit facilities, their dates of expiration, capacity and utilization as of March 31, 2014:

	Secured/ Unsecured	Committed/ Uncommitted	Expiration	Capacity	Utilization	Unused Commitment
Obligor / Applicant						
Voya Financial, Inc.	Unsecured	Committed	02/14/2018	$3,000.0	$829.9	$2,170.1
Security Life of Denver International Limited	Unsecured	Committed	01/24/2018	150.0	147.0	3.0
Voya Financial, Inc./ Langhorne I, LLC	Unsecured	Committed	01/15/2019	500.0	—	500.0
Voya Financial, Inc./ Security Life of Denver International Limited	Unsecured	Committed	11/09/2021	750.0	750.0	—
Security Life of Denver International Limited	Unsecured	Committed	10/29/2020	1,125.0	631.6	493.4
Voya Financial, Inc. / Security Life of Denver International Limited	Unsecured	Committed	12/27/2022	750.0	750.0	—
Voya Financial, Inc. / Security Life of Denver International Limited	Unsecured	Committed	12/29/2023	250.0	250.0	—
ReliaStar Life Insurance Company	Secured	Committed	Conditional	255.0	255.0	—
Voya Financial, Inc. / Security Life of Denver International Limited	Unsecured	Committed	12/31/2025	475.0	475.0	—
Voya Financial, Inc.	Unsecured	Uncommitted	Various	1.7	1.7	—
Voya Financial, Inc.	Secured	Uncommitted	Various	10.0	4.7	—
Voya Financial, Inc. / Roaring River II LLC	Unsecured	Committed	12/31/2021	995.0	588.0	407.0
Voya Financial, Inc. / Roaring River III LLC	Unsecured	Committed	06/30/2022	1,151.2	630.0	521.2
Voya Financial, Inc./ Roaring River IV LLC	Unsecured	Committed	12/31/2028	565.0	287.0	278.0
Total				$9,977.9	$5,599.9	$4,372.7
Secured facilities				265.0	259.7	—
Unsecured and uncommitted				1.7	1.7	—
Unsecured and committed				9,711.2	5,338.5	4,372.7
Total				$9,977.9		