

VOYA Earnings Call Transcript

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Quarter: 3

Operator: Good morning. Welcome to Voya Financial's Third Quarter 2025 Earnings Conference Call. [Operator Instructions] Please note, this event is being recorded. I would now like to turn the call over to Mei Ni Chu, Head of Investor Relations. Please go ahead.

Mei Ni Chu: Good morning, and thank you for joining us this morning for Voya Financial's Third Quarter 2025 Earnings Conference Call. As a reminder, materials for today's call are available on our website at investors.voya.com. We will begin with prepared remarks by Heather Lavallee, our Chief Executive Officer; and Mike Katz, our Chief Financial Officer. Following their remarks, we will take your questions. I am also joined on this call by the heads of our businesses, specifically Jay Kaduson, CEO of Workplace Solutions; and Matt Toms, CEO of Investment Management. Turning to our earnings presentation materials that are available on our website. On Slide 2, some of the comments during today's discussion may contain forward-looking statements and refer to certain non-GAAP financial measures within the meaning of federal securities law. GAAP reconciliations are available in our press release and financial supplement found on our Investor Relations website. And now I will turn the call over to Heather.

Heather Lavallee: Thank you, Mei Ni. Good morning, and thank you for joining us today. Let's turn to Slide 4. We're pleased to report strong third quarter results that reflect meaningful progress in delivering on our investor value proposition. Our results build on the success we've seen year-to-date, with adjusted operating EPS in the quarter, up nearly 30%. This performance is a clear reflection of our focus on profitable growth across our diverse and complementary businesses. Equally important, we generated robust free cash flow in the quarter and remain on track to exceed our \$700 million full year target. We've continued to take a balanced approach to capital deployment across the enterprise, and Mike will share more on that in a few moments. I'll also talk about how we're deploying capital in support of our enterprise strategy, growing our core markets, expanding into adjacencies such as wealth management and strengthening the connections across our businesses. While we continue to invest in our businesses, we remain committed to returning excess capital to shareholders. As planned, we resumed our share repurchases during the quarter. Turning to Page 5. Let's look at how we executed on our near-term priorities this quarter. In Retirement, we delivered strong earnings and revenue growth with full year results trending above expectations. This performance was driven by \$30 billion in year-to-date organic defined contribution net flows, putting us on track for our strongest DC net flow year since 2020 and further strengthening our market-leading retirement franchise. Investment Management continues to show strong commercial momentum. The business delivered strong earnings in the third quarter with positive net flows and continued organic growth, putting us on track to exceed our organic long-term growth target of 2%. Voya's performance remains a key differentiator with 74% of our public assets outperforming peers and benchmarks over 5 years and 84% over 10 years. Later this year, we'll launch our first actively managed ETFs, further expanding our product lineup and building on our multi-sector fixed income expertise. This launch supports modernizing our intermediary platform with high-growth vehicles and expanding distribution, creating new opportunities that connect Wealth Management and Investment Management. Within Employee Benefits, we continue to execute our disciplined pricing strategy in Stop Loss with a focus on margin over growth as we head into 2026. In October, we launched our integrated claims system to support leave management, a key milestone

as we prepare for a full rollout of our end-to-end solution on January 1. This will strengthen our bundled offering across group and voluntary, allowing us to deliver greater flexibility and value to our clients. Taken together, these results reflect strong execution across the enterprise and position us to carry meaningful momentum into 2026. Turning to Slide 6. I'd like to spend a moment discussing our strategic approach to growing wealth management, where we're making key investments that strengthen our core offerings and create value across the Voya enterprise. Today's customers are looking for support with a wide range of financial decisions and employers increasingly see financial guidance as a way to strengthen employees' financial readiness. Voya is uniquely positioned to meet those needs, building on an already solid foundation with solutions that address the growing demand for advice and planning. This is already a significant business for us with 20% year-over-year sales growth in 2025 and total client assets reaching approximately \$35 billion through the third quarter. We believe now is the time to scale this business and accelerate growth. For example, our field and phone-based adviser network includes nearly 500 advisers, and we're on track to add more than 100 by year-end at our new Boston Wealth Management hub. We launched WealthPath, our integrated technology platform that will enable advisers to deliver comprehensive guidance and solutions at scale. And we're investing in enhanced digital self-service capabilities, which will give clients more flexibility and control. As we expand our adviser base, we will continue to partner with independent advisers to complement our in-house distribution team. In summary, we're well positioned to serve our nearly 20 million workplace customers, both to and through retirement in a fast-growing market that plays to our enterprise strengths. Our performance and momentum this quarter and throughout the year reinforce our confidence in delivering on our full year targets and advancing our long-term strategy. With that, I'll turn it over to Mike to walk through the financials in more detail. Mike?

Michael Katz: Thank you, Heather. We delivered another quarter of strong results, building on our successes throughout this year. We generated adjusted operating earnings of \$2.45 per share, a nearly 30% increase year-over-year. This was driven by earnings growth across all business segments and highlights the continued progress we are making on our near-term strategic priorities. Earnings growth also drove excess capital generation of over \$200 million in the quarter. Items reducing net income were primarily noncash and largely related to business exited. Turning to Retirement. We generated \$261 million in adjusted operating earnings. This is a 24% increase year-over-year and a 20% increase on a trailing 12-month basis. Notably, we are ahead of the expected revenue and earnings contribution from OneAmerica. Margins remain above our long-term targets given continued commercial momentum driving higher fee income, strong spread income supported by active management of our general account and prudent management of our spend. Turning to net flows. In addition to the \$60 billion of assets acquired from OneAmerica, we have generated approximately \$30 billion of organic defined contribution net inflows year-to-date. Third quarter outflows primarily reflected one large recordkeeping plan, which we signaled last quarter. Full Service outflows were impacted by the anticipated lapses from OneAmerica and the effect of strong equity markets. Importantly, surrender rates were in line with our expectations and are consistent with prior year. Looking ahead to 2026, we expect margins to return to the midpoint of our 35% to 39% target range. This is intentional as we increase our strategic investments in Wealth Management, which we expect will power long-term profitable growth. As Heather mentioned, our targeted investments in Wealth Management have supported a 20% increase in sales year-over-year. Investments next year will help further scale the business by adding talented advisers, expanding our product line and enhancing our technology capabilities. Turning to Investment Management. We continue to deliver strong investment performance and drive robust flows across an increasingly diversified platform. We generated \$62 million in adjusted operating earnings in the quarter. This is a 13% increase year-over-year and 15% increase on a trailing 12-month basis. Organic growth at attractive margins and a disciplined expense management drove the result. We generated nearly \$4 billion in net flows, bringing year-to-date net flows to over \$13 billion. This represents organic growth of over 4%, well above our long-term target of 2%. Our successes are broad-based with positive retail and institutional flows, both in the U.S. and internationally. Within institutional, several large insurance mandates drove positive flows in the quarter. We now serve over 80 insurance clients and manage approximately \$100 billion in assets in the insurance channel. And our capabilities in core fixed income, multi-sector and investment-grade

credit remain in high demand. Within retail, we generated \$300 million of positive flows, resulting in year-to-date net inflows of over \$3 billion. Looking ahead, we remain laser-focused on delivering long-term value for our clients through excellent investment performance. Turning to Employee Benefits. We generated \$47 million in adjusted operating earnings in the quarter. This was primarily driven by favorable group life claims and prudent management of spend. In Stop Loss, a reinsurance recoverable drove the favorable result as we maintain reserve levels across all cohorts. As a reminder, the fourth quarter will bring significant credibility to our claims experience. We expect the credibility of our January 2025 cohort to double in fourth quarter from approximately 1/3 complete to 2/3 complete. That experience will better inform ultimate loss ratios. In addition to our prudent approach to setting reserves, we are actively pricing and underwriting January 2026 business. Our strategy for that business is unchanged. We are prioritizing margin improvement over in-force premium growth. In Group Life, experience was favorable, driven by better-than-expected frequency of claims. In voluntary, paid claims experience was as expected. The loss ratio includes IBNR in anticipation of higher seasonal claims in the fourth quarter as planned. Finally, we are on plan and ready to deliver our end-to-end lead management capability on January 1. Looking ahead, we will continue to achieve margin improvement while delivering strong value to our customers. Turning to Slide 12. Third quarter marked another quarter of consistent cash flow generation, where we generated over \$200 million of excess capital and our return on equity improved to 18%. Year-to-date capital generation is now approximately \$600 million, and we are well positioned to exceed our \$700 million goal. We returned approximately \$150 million of capital in the third quarter across share repurchases and dividends. This includes \$100 million of share repurchases, and we expect to repurchase another \$100 million in the fourth quarter. We ended the third quarter with a healthy balance sheet and approximately \$350 million of excess capital. Notably, the fourth quarter will also include higher dividends as we raise dividends per share by over 4%. This builds on our track record of growing our dividend each year as we remain confident in the sustainability of our excess capital generation. Turning to Slide 13. Year-to-date, our approach to capital allocation has been well balanced between investments in the business, returning capital to shareholders and building up our excess capital position. Our healthy balance sheet positions us well for capital deployment in 2026, where we will continue to prioritize as follows: first, we will continue investing in our business in order to drive long-term profitable growth. Wealth Management stands out as another area where we see a clear strategic advantage to expand our capabilities; second, we will be opportunistic with strategic M&A, such as retirement roll-ups. The bar is higher given how attractive share repurchases are at our current valuation; finally, we are committed to measured and consistent capital return. We expect to return between \$100 million and \$150 million in quarterly dividends and share repurchases throughout 2026, subject to market conditions. Importantly, use of capital will be disciplined and evaluated relative to our weighted average cost of capital. Opportunities with longer breakeven or more execution risk will be assessed with a higher bar. Our 2025 results established a disciplined framework for how we deploy capital. We'll carry that same approach into 2026, focused on driving long-term value for our stakeholders. I'll now turn it back to Heather before taking your questions.

Heather Lavalley: Thanks, Mike. Turning to Slide 14. This quarter, we continued to make progress, delivering solid results across all of our business segments. Our near-term priorities remain consistent, driving strong profitable growth in Retirement and Investment Management, successfully integrating OneAmerica to drive higher earnings and continuing to improve margins and employee benefits. Looking ahead, we have commercial momentum, financial strength and strategic focus to drive long-term profitable growth. Thank you to the Voya team for your dedication and hard work in supporting our strategy and delivering for our customers. With that, I'll turn it over to the operator so we can take your questions.

Operator: [Operator Instructions] Our first question comes from Elyse Greenspan with Wells Fargo.

Elyse Greenspan: My first question, I was hoping just to get some color on the size of the wealth management investment that you're pegging for 2026?

Michael Katz: Elyse, it's Mike. So as we look into next year, what we're expecting to use is up to \$75 million of our excess capital on Wealth Management, I would think roughly 2/3 of that from a GAAP perspective. We are making some investments in technology. So we'll be capitalizing some of those

investments and those will amortize in over time. Now I would expect this to be a little more back half weighted because a large part of those investments is in adding advisers who we expect over time to drive additional revenue. And what's important about that is that it really shortens up the breakeven of these investments. We really like the return profile of Wealth Management and not only from a return perspective, but also what it does for our customers. Finally, what I'd say, Elyse, is we do this from a position of strength. We're ahead of plan this year. We've been disciplined with our spend, and this really gives us an opportunity to lean in to an area of strategic advantage for Voya.

Heather Lavallee: And Elyse, it's Heather. Maybe 2 other points I would add to it is to be very specific our wealth management strategy is organic. We're not looking to do any type of roll-ups in the Wealth Management space, just given the high cost of inorganic options. And we think, as Mike mentioned, we've got a really clear path to be able to execute against that strategy.

Elyse Greenspan: And then my second question is just on Stop Loss. Going in right to, I guess, 2026, would you expect -- just given pricing, et cetera, for -- would you expect that cohort to get -- be back at target margins?

Michael Katz: So Elyse, let me just step back on Stop Loss, and I'll answer your question around just how we see 2026. So first, I'll mention that the reserve levels are firming up for the 2024 cohorts. That's especially true for January 2024, which we view as very close to complete. For the January 2025 cohort, we are now beginning to leverage claims experience to help inform reserve levels. Now this is different than the first and second quarter when we were really fully relying on the pricing, the risk selection to inform that 87% pick. With respect to what we're seeing in the claims experience, very consistent themes to last year. With respect to higher frequency related to cancer in younger ages, we continue to see that, higher severity with cell and gene therapy drugs. We continue to see those elements as key drivers of claims. Now I would note, and this affects kind of your question that we are actively leveraging the experience this year to inform underwriting in 2026. It's still very early in the claims cycle. I mentioned that in my remarks. Claims experience is consistent with our reserve levels. And again, the fourth quarter is really important as our credibility doubles heading into next year. And like the industry is seeing, we are continuing to see health care costs change at a rapid pace. Now we also give you sensitivities to current reserve levels for the January 2025 cohort, 1% change in loss ratio is approximately \$12 million. So at least as we get deeper into the year, fourth quarter, we'll have a better sense of where we think things are for Jan '26. But importantly, while the health care backdrop is not different this year, perhaps even more challenged, what is different is the actions we have taken on pricing, the actions we've taken on risk selection and how we are reserving for this product line throughout 2025, and you should expect the same in the foreseeable future.

Operator: Our next question is from Joel Hurwitz with Dowling & Partners.

Joel Hurwitz: I wanted to follow up on Stop Loss there, Mike. Any way you could quantify how much reserves are left on the 2024 block? And then in terms of the January '25 block, any way you could actually quantify the incurred claims experience through the first 9 months relative to where the January '24 block was running at the same period of time?

Michael Katz: Joel, yes, and just like I was saying, we're pretty close to complete in January 2024. Possible, obviously, the claims can be reported late in the cycle. So we'll be patient around that. With respect to just how we're seeing experience in 2025 relative to 2024, we are seeing modestly better claims experience in January '25 versus where we were in January '24 through October. But I would just be incredibly clear that we really need to see the fourth quarter. We've only got about 1/3 of the experience coming in at this point. And so while we are encouraged by that, we really want to see the next 1/3 of that experience come in. And frankly, we'll want to see the first quarter as well to get a sense of where this is ultimately going to land.

Joel Hurwitz: All right. Got you. That's helpful. And then back to Wealth Management. I appreciate the color on the expected investment spend in the '26 retirement margin outlook. But I guess any more color you can provide on the expected revenue contributions from that business and how you're projecting that to emerge over time?

Heather Lavallee: Joel, it's Heather. Let me start and then I'll toss it to Jay. We think that '26 is going to be a bit more of a build as we're hiring the advisers and investing in technology. And I would expect -- think about the revenue emerging, growing in '27 and beyond. Again, we're going to come back and

give more specifics as we look into '26. But let me turn it to Jay to talk a little bit more -- give you a little more color about exactly what we're doing in Wealth Management.

Jay Kaduson: It's great. Joel, thanks for the question. Just as a step back, if you think about our Wealth Management business today, it's focused on the workplace, very much aligned to our workplace strategy, where we're serving close to 20 million customers today. But we're scaling from a strong foundation, as you heard in some of the earlier comments, we currently have 500 advisers. Most of those advisers, Joel, are focused on the strong tax-exempt business we have, but we see an additional opportunity to serve our growing large corporate customers. The demand right now that we're seeing in the -- with financial planning advice in the workplace is outpacing supply. So we see that our approach is very much complementary to the advice that our intermediaries are providing today. There is a gap in between the supply and the demand. And so the focus for us remains on hiring additional field and phone-based advisers. We're currently enhancing our technology capabilities, specifically to support our adviser platform. We are working on a customer digital self-service platform and the needs to support our growing segment of customers that are looking to self-direct. And we're partnering with Matt's Investment Management business to deliver a comprehensive suite of retail products. But over the last 9 months, you've seen I've recruited a really highly experienced leadership team. And right now, they're modernizing the operating environment to ensure that we're built for scale. Heather mentioned the wealth management hub in Boston. We're finding a lot of count rich wealth management resources in that area, and we're recruiting advisers, specifically given our leading position as a workplace provider of retirement and employee benefit solutions. But Heather mentioned in the opening remarks, we're already seeing 20% growth year-over-year in sales. Our retail AUM numbers at \$35 billion are up from \$31 billion last year. But we're going to remain focused on accelerating growth in this Wealth Management business. There is tight alignment with Amy's Retirement business, Andrew's Employee Benefits business and working with Matt and Voya Investment Management. More to come on where we're seeing growth in terms of specific numbers for next year, but really happy with the development so far.

Operator: Our next question is from Ryan Krueger with KBW.

Ryan Krueger: Can you give some more color on the higher corporate expenses in both the third quarter and the fourth quarter? I know you cited performance-related compensation for the fourth quarter, but I guess I was a bit surprised by the magnitude of that for the size of your company. So -- and I guess just related to that, is the prior run rate corporate loss that you had talked about still a good expectation beyond this year? And is this really more of a onetime impact?

Michael Katz: Ryan, it's Mike. So maybe first, I would say that we are having a strong year. You can see that in the results in the first, second and third quarter. And frankly, that is the key driver when you look at third to fourth quarter. We are expecting that incentive compensation accruals will be higher in the fourth quarter due to that strong performance. The only other pieces I would call out is that in the second half of this year, you're seeing a little bit more interest expense related to the PCAPs. And I think, Ryan, you're pretty familiar with preferred stock dividends that go up and down each quarter. So beyond that, nothing different to call out from corporate. Obviously, next year, we'll reset targets, and we'll get back to a normal run rate on corporate, and we'll see how the performance plays out.

Ryan Krueger: Okay. And then on inorganic, are you mostly interested in things that would be similar in nature to the OneAmerica deal? Or is -- I guess, is your interest broader and would span across all of your businesses potentially?

Heather Lavalley: Yes. Ryan, it's Heather. Thanks. I'll take your question. Yes, for inorganic, we're really targeting additional roll-up retirement opportunities. So we think that OneAmerica has turned out very, very well, highly accretive for us. And as you heard us talk about in our comments, exceeding the revenue and earnings expectations for the year. So we are most attracted to additional retirement rollouts that we can integrate. It also links very nicely to the Wealth Management opportunity that Jay talked about is, as we continue to grow our participant base in AUM and retirement, it creates a larger base of customers from which we can expand Wealth Management. And we are also looking for retirement books that potentially have a general account or more full-service profile that also allow us to leverage the complementary nature of our business, where if we can grow with general account assets, it allows us to leverage Matt's investment management capabilities. And so just really takes advantage

of the complementary nature of our businesses.

Operator: Our next question is from Tom Gallagher with Evercore ISI.

Thomas Gallagher: A couple of questions on the wealth business. So for the additional spend in '26, is the hiring there? I heard the comment about hiring advisers. Is that advisers to support your DC plans more like customer service orientation? Or are we talking about hiring advisers to capture rollovers? So is this like a servicing question? Or is it capturing of rollovers? How should we think about that? That's my first question.

Michael Katz: Sure, Tom. Thanks for the question. I think the way you should think about this is both our Retirement and our Employee Benefits business, the plan sponsors and employers today, they see a gap in terms of the financial advice that their employees and participants are getting to be able to save for retirement, whether it be their financial or health-related needs. And so there's a gap right now. And we have been in active conversations with those plan sponsors and those employers. And so you should think about this in 2 ways. One, we're going to bring field-based advisers to the workplace. We're going to provide financial advice, seminars. Those seminars are going to produce interest from our active participants and employees. And from there, our segmentation strategy continues. There's going to be a portion of our customer base, who doesn't have a sophisticated financial plan that's going to result in a need to talk to a face-to-face adviser, our sales desk is going to be there to support them, credentialed, licensed, team-based advisers. We're also building a digital self-service engine, where our -- there's a segment of our customer base that wants to self-direct, self-direct brokerage, move cash. So you should think about this in terms of proactively covering our customer base and reactively covering the calls that are going to be generated from our continued advancement in our product suite and our distribution breadth. Again, very complementary to the intermediary relationships that are in market today, providing that support. There's just a big gap. More to come as we build, but you should think about this very much in heavy recruiting. We're not going out and buying teams of advisers. We're having and finding a lot of success organically recruiting advisers in the field, and we're finding a tremendous amount of success in Boston in recruiting a sales desk.

Heather Lavalley: Yes. And Tom, maybe just to explicitly answer your questions, we do see rollovers as an important opportunity for this strategy. We've talked about today within our tax-exempt business, where we have close to 500 advisers. We have a very successful rollover recapture rate in that business of between 15% and 20%. So really this build-out is to be able to serve the broader clients across both retirement and employee benefits. But we do see improvements in rollovers as a key metric.

Thomas Gallagher: And then just a follow-up. The -- so the shock lapses from OneAmerica, I saw the guide for Q4. How do you think about that heading into '26? Are we going to see some continued spill over, maybe somewhat higher surrender activity? Or how do you see that trending?

Michael Katz: Yes, sure. Again, I appreciate the question. OneAmerica right now, it's delivering a higher revenue and earnings and it's contributing overall our cash generation. The integration you think about for OneAmerica will be complete in the first half of '26. So to answer your direct question, OneAmerica, today, our flows reflect anticipated lapses from the OneAmerica book as well as we're seeing strong equity markets, and that tends to lead to an increase in account values, which then leads to elevated surrenders. Importantly, if you think about the total DC book, full service and overall retention really sits into the 90s, high 90s for full service and in the 90s for the overall book. So the activity remains constructive for the remainder of the year and just getting back to OneAmerica really reflecting in line what our anticipated lapses would be through the integration.

Operator: Our next question is from Suneet Kamath with Jefferies.

Suneet Kamath: I want to start on the capital return and the \$100 million to \$150 million guide per quarter for '26. Should we view that as sort of '26 stand-alone and then we kind of bump up in '27 as you don't have the Wealth Management investment anymore, and then you don't have the OneAmerica \$160 million payment? Or are you signaling that this is more of a run rate that we should expect going forward?

Michael Katz: Suneet, it's Mike. No, we're not trying to signal that, that's a run rate beyond 2026. This is really how we're thinking about 2026. And it's considering a handful of things. We come out of the third quarter with \$350 million of excess capital. As a reminder, we do have an earnout on OneAmerica, and

we enter the fourth quarter well positioned to handle that in the middle of next year. As Heather talked about, we have an opportunity now where we are with the integration with OneAmerica to kind of lift our heads up and say, hey, are there other roll-ups out there that meet our return thresholds? But we have flexibility. We're guiding to consistent and measured share repurchases this year. We think that's the right outcome. And when we look at 2025, we see that as a great example of when we're using excess capital in a balanced way. It enhances shareholder returns. We see the same opportunity in '26. We just talked about Wealth Management. You should expect us to be very disciplined in how we approach that. Investments must meet our return thresholds. And frankly, we have a higher bar based on where we're trading right now.

Heather Lavallee: Yes. And Suneet, maybe 2 points I would add to Mike's comments is we think we've got a very clear enterprise growth strategy that's going to allow us to drive profitable long-term growth across our businesses in the coming years as well as ongoing growth in cash generation, which gives us flexibility in terms of how we think about deploying it. But we do believe it's important to be able to provide consistency to shareholders in terms of what to expect for '26.

Suneet Kamath: Okay. Got it. And my second question, I guess, is maybe more of an observation than a question. But when I hear you talk about a wealth management strategy that's built around seminars at companies, it takes me back to one of your competitors a couple of years ago that talked about this from a financial wellness perspective and spent like half an Investor Day on it. And it -- they don't really talk about it anymore. It didn't really turn into much of anything. So I guess it's important that we get metrics at some point, and I'm sure you'll give them to us, but just wanted to highlight this that kind of show the progress that you're making against this, especially if the spend is \$75 million a year and potentially higher going forward. So I just wanted to put that out there.

Heather Lavallee: Yes. Suneet, thank you. We appreciate the feedback. And that certainly is our intention is we want to be able to provide clear progress on how we're measuring success. That's why we wanted to point to some of the revenue growth we're seeing year-over-year just in terms of the sales, but we hear you loud and clear. And I think maybe what's different for us is this is from an established base. When we talk about the \$35 billion of assets under management today, it's contributing roughly 10% of our retirement revenues and growing. And so again, hear you loud and clear, and you can certainly expect to see some proof points from us.

Operator: Our next question is from Alex Scott with Barclays.

Taylor Scott: I wanted to follow up on some of the investments. I know you're talking about some of the wealth advisers you're bringing on, but I think you also mentioned that there's some investment in technology. I just wanted to understand how we should think about the impact of those things on the operating margin in retirement business or elsewhere if it goes in other segments?

Heather Lavallee: Yes. Let me let -- Alex, I'll let Mike take the impact on operating margin, and Jay can talk a little more explicitly about the investments.

Michael Katz: Yes, Alex, we're giving a sense right now. And I just would emphasize that we see this as an opportunity where we're doing that from a position of strength given the results, not only just in retirement, but across the board at Voya. We did mention that we expect this to be approximately a 200 basis point implication on margins next year. However, we're right in the middle of our budget season. And so we'll be more precise with that as we get into next year. But that's high-level thinking and very consistent with what I shared earlier in the Q&A; with respect to how much we expect to deploy both from a capital perspective, but also from a GAAP perspective.

Jay Kaduson: Sure, Alex. Maybe just as a follow-up on the strategic nature of where those investments are going. We've upgraded our adviser platform, our WealthPath, which we've rolled out in October. And that's really to help our advisers really help them from the perspective of account openings, all the way through the financial planning tools that they're using. It's really helping to modernize that environment to connect to more customers and do it in a more automated basis. Secondly, in reference to digital self-service, we've got a growing portion of our customer base that wants to self-direct. And so we're going to meet that growing need, particularly with where wealth transfer is going. There's a segment of our population, our customer base that's going to inherit a tremendous amount of wealth over the next decade, and we want to be positioned to ensure that they can direct and have a financial planning environment that works for them. So these tools are going to be helpful as we grow into that

customer base as well, but very targeted.

Taylor Scott: Got it. And then maybe if I could pivot over to Employee Benefits, could you talk about top line implications from just the leave management rollout. And maybe anything on Benefitfocus, I think just around open enrollment period, would be interested if that's going to have any influence on top line.

Michael Katz: Sure. Maybe I'll start on leave for your first question. So appreciate the question. We're on plan right now to deliver the leave technology as well as a fit-for-purpose operating model supporting a Jan '26 launch. What we're developing right now is a full-service leave product suite. It's going to help build a moat around our other employee benefits business. As you think about this today, this is a critically important capability in the market, and it's leading to a ton of growth. In last quarter Q3, over 50% of all of our RFPs that came in were requiring a leave management bundled solution. So we're really encouraged with the commercial momentum. In fact, one of the key metrics that we look is getting on the panels of our brokers, and we've been successful in getting on most of our broker panels, and it's led to sales that have already occurred for 1/1/26. So today, if you think in terms of where we are in leave, happy with where the build is on the technology side. Our operating model is in place, and we're getting commercial momentum in terms of our sales. Maybe on Benefitfocus, we like the strategic capability of Benefitfocus. I mean, it fits really well into the broader Employee Benefits business. Specifically, as we deliver on our capability road map, Andrew and team are driving efficiencies and are focusing on margin expansion while they do that. Two areas of growth you should think about for Benefitfocus. One is in ICRA. The health plan business side of our Benefitfocus is going to benefit from some of the health care legislative environment that's changing, particularly around ICRA. We've got a plan to go after that market. We're set up well. And in '26, we should be executing against that. But we also see direct synergies with our Benefits Administration business. So if you think about that tied to Wealth Management, we've got a growing customer demand for retail financial advice, and this is going to be another area of synergy for our Wealth Management business. So ICRA and Wealth Management on the top line with the efficiencies that we've been building over the course of the last couple of years in Benefitfocus.

Operator: Our next question is from Wes Carmichael with Autonomous Research.

Wesley Carmichael: First question on Investment Management. And just looking at institutional, I think flows pretty strong in the quarter and maybe a little bit of elevation on the outflow side, but just hoping you could unpack what you saw in the quarter? And maybe any help on the outlook for flows going forward would be helpful.

Matthew Toms: Yes. Wes, this is Matt. Thanks for the question. Overarching, we like the breadth of flows we've seen across channels and products for the year. The year-to-date flows, as Mike referenced, \$13.4 billion, roughly 4% organic growth rate. Within institutional, \$9.7 billion of that on the year, and that's driven by the Insurance business, CLOs, public and private fixed income doing well, also private equity secondaries. So we like the breadth within institutional. Year-to-date, \$3.7 billion in retail. And again, income and growth franchise and multi-asset in the U.S. So we like the breadth. Within the quarter specifically and more to your direct question, the \$3.9 billion number in the third quarter, very happy with it, another strong quarter. In institutional, the majority of that \$3.6 billion driven by a few large insurance wins. So it's a bit more concentrated in the quarter, but I think important to hear that within the construct of the broader year flows. You're right, it's a good call out the higher level of activity in institutional, you see in the supplement. We're very happy with the \$3.6 billion net. You've got more wins, and you've had some more outflows. Some of those outflows are tied to natural maturities in our CLO business, bank loan mandates as well as end of life in private funds. And there's also some rotation in international equities out of one style into another. So you do see that higher amount of in and out. But again, the net very happy with the \$3.6 billion on the quarter. And then looking forward, in the fourth quarter, we expect flows to be more muted than the strong third quarter after some strong realizations in the third quarter. Longer term, we see no reason to pivot away from that 2-plus percent longer-term organic growth rate assumption and, we like the commercial momentum we have in the business. And I view it as a testament to the strong investment performance that we've called out, 74% outperformance for public strategies over 5% and a really strong 84% over 10%. We're delivering for our clients and growth is the outcome of that.

Operator: Our next question is from Wilma Burdis with Raymond James.

Wilma Jackson Burdis: Could you quantify Voya's floating rate exposure? I know that, that's something that could impact earnings a little bit in 4Q with the rate cuts. So if you could just help us with that.

Michael Katz: Wilma, it's Mike. So just when we think about floaters, a little less than \$1.5 billion of floaters. That's embedded in the overall sensitivity that we share in the investor presentation. So maybe a modest impact we would expect from the effect of the short end coming down. We do -- when we do think about our sensitivities, I would call out that the net effect for Voya is smaller to a [shock] down in the yield curve as we have offsets in the investment management business related to fixed income asset levels. And I'd also say, like the sensitivities went up a little bit this year. We talked about that in Q1 with the acquisition of OneAmerica, but the team is doing a nice job of actively managing the general account. And I think that's helped us to kind of stabilize what is kind of the raw effect of what's happening with rates.

Wilma Jackson Burdis: Okay. And then do you expect any additional reinsurance recoverables on Stop Loss to flow through over the coming quarters? And maybe just talk about the likelihood and timing of that.

Michael Katz: Wilma, it's Mike again. Yes. So this is a bit of an idiosyncratic quarter with respect to us calling that out. It's a natural part of the Stop Loss business. We've talked about the fact that from a deductible perspective, we usually kick in, in the \$200,000 to \$300,000 range. We'll cover our clients. And then we have excess loss reinsurance above \$5 million. And that -- and that's where we saw a kick in from our reinsurer that really was the only effect in the quarter. And so I wouldn't expect that if you're looking at necessarily forward-looking expectations on loss ratios, if there's something significant in a quarter, we're going to call it out, but I wouldn't use that as anything that would be sustainable per se in the outlook for Stop Loss.

Operator: Our next question is from Kenneth Lee with RBC Capital Markets.

Kenneth Lee: Just one for me. Within the general account portfolio, I wonder if you could just remind us again what's within the private credit allocation sleeve there?

Matthew Toms: Ken, yes, it's Matt. Let me unpack that a little bit for you. So overall, the portfolio continues to be very high quality. And we continue to include a slide in the deck, it's Page 27, breaking down the quality of the portfolio. Importantly, 96% of the general account is investment grade. And private credit has 23% of that, of course, has a heavy bias towards investment grade as well, that's 94%. We provided a footnote on that page to give you some further detail there. So NAIC-1s and 2s, 94% of the portfolio. Think about those as driving that 50 to 100 basis point yield advantage versus public over a long period of time with roughly double recoveries and driven by stronger covenants, should there be any credit issues. I mean overall, I think the credit markets are performing quite well. As you can see, credit markets are near all-time tights. The term private credit has gotten a lot of attention, as you referenced, but that covers a broad array. And our portfolio is heavily focused on the investment-grade lending area. And this area is, of course, not new to the insurance industry, not new to us and one that has generated very attractive yields with less downside risk over multiple decades. And so very different than some of the headline news you'll see around bank lending, syndicated loans or middle market lending. It's a different market segment, and we feel very well positioned with how the portfolio is performing.

Operator: Our final question is from John Barnidge with Piper Sandler.

John Barnidge: And my first question, could you talk about the Edward Jones partnership that was mentioned earlier this year, success so far in plans for ahead?

Heather Lavallee: Yes, we'll have Jay take that, and it continues to be one of the other important attributes of OneAmerica, which as we've talked about, John, has been just a great integration and opportunity for us to generate value. But Jay?

Jay Kaduson: Great. Appreciate the question, John. If you think about that OneAmerica acquisition, as Heather said, it's not only producing strong earnings and revenue, but the distribution relationships that came along with that business, it really is a key value-creating lever for our team. And so Edward Jones is an example of that. Right now, we remain on track for the Edward Jones relationship as we head into '26. So specifically, we're working with Edward Jones right now on the migration of the OneAmerica book of business. Our distribution agreement was executed earlier this year, and we're finalizing key

technology connections in order to support the full integration. Our teams from a distribution perspective are actively engaging with each other on market opportunities. Edward Jones sent a press release out on the partnership a few weeks ago. And their advisers are going to be able to offer our full suite of retirement plan tools and services to their clients starting in early fiscal year '26. So if you think about where we are, we're on plan with that. Again, one of the positives we see in these opportunities in retirement roll-ups isn't just the earnings and revenue associated to the existing book, but it's the new distribution opportunities that we acquire as part of that relationship, and this is a great example of that.

John Barnidge: My next question, can you talk about the Blue Owl partnership, plans for product launch and if there are additional alternative asset managers with which you could partner?

Heather Lavallee: Yes, John, maybe just a quick frame before I toss it to both Jay and Matt. But we think this Blue Owl partnership is just one of the many examples of where we can really unlock the synergistic opportunities that exist across our businesses, specifically when we think about Retirement, Wealth Management and Investment Management. But Jay?

Jay Kaduson: Sure. Again, thanks for the question, John. Maybe just to continue with what Heather was saying. Matt and I, we're going to be leveraging partnerships going forward as we think about our growth strategy. This Blue Owl partnership is going to be a key contributor to that growth. Specifically, our teams are trying to access private investments and innovative solutions to drive retirement outcomes. That's going to be in the DC space. So that's the focus right now on the private investments and innovative solutions. Specifically, we're going to be in market with private credit, alternative credit and nontraded REIT CITs by the end of this year. We're going to start with our AMA business, and we're seeing a ton of interest right now from RIA firms in different pockets. Specifically, many of them are waiting for where the DOL rulemaking has happened. And if you know, John, the 2 areas, the 2 gates we've got to get through right now. One is on the DOL side on their rulemaking. And the second is the safe harbor protections that are going to help accelerate the adoption by plan sponsors as the fiduciary. I'm going to turn it over to Matt to give a little bit more color on how his Investment Management business is partnering with Blue Owl. But right now, the partnership is on plan for end-of-year rollout.

Matthew Toms: Yes, John, thanks for the question. Just to build on that a bit, we continue within Investment Management to work on target date products built from our leading multi-asset team with long and strong track records that have been driving our model portfolio growth that we've seen over recent years. And we believe our capabilities pair very nicely with Blue Owl's capabilities and their broad array of complementary private strategies. Importantly, as we build these target date products, the focus is on risk-adjusted returns for our clients as well as attractive returns net of fees. And so we build that product out in partnership with Blue Owl. Look for the second quarter of 2026 time frame for those to come to market, still looking for some clarity on the regulatory side. We do think this is an attractive path forward. And just to expand a bit, you mentioned other private components. We're working with Blue Owl. There will be other providers within the structure as well to round out the complete need. We're very excited about Voya and Blue Owl's capabilities. We'll supplement that as needed, as we always do in multi-manager products with other partners. And then beyond the DC space, we're very excited about how this ties to our insurance business, where we bring our own capabilities as well as those partners like Blue Owl to our broad institutional customer base. So that's a way to think about the growth as well.

Operator: Thank you. We have reached the end of our question-and-answer session. This will conclude today's conference. You may disconnect your lines at this time, and thank you for your participation.