

AMERIPRISE FINANCIAL INC
Form 10-K
February 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2015

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

For the Transition Period from _____ to _____

Commission File No. 1-32525

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

13-3180631

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1099 Ameriprise Financial Center, Minneapolis, Minnesota

55474

(Address of principal executive offices)

(Zip Code)

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

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

Title of each class

Name on each exchange on which registered

Common Stock (par value \$.01 per share)

The New York Stock Exchange, Inc.

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities

Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such

reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not

be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value, as of June 30, 2015, of voting shares held by non-affiliates of the registrant was approximately \$22.3 billion.

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

| Class | Outstanding at February 12, 2016 |
|--|----------------------------------|
| Common Stock (par value \$.01 per share) | 168,970,804 shares |

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the registrant's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on April 27, 2016 ("Proxy Statement").

AMERIPRISE FINANCIAL, INC.

FORM 10-K

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PART I.

Item 1. Business

Overview

Ameriprise Financial, Inc. is a diversified financial services company with a more than 120 year history of providing financial solutions to help clients confidently achieve their financial objectives. Ameriprise is a holding company incorporated in Delaware that primarily engages in business through its subsidiaries. Accordingly, references to “Ameriprise,” “Ameriprise Financial,” the “Company,” “we,” “us,” and “our” may refer to Ameriprise Financial, Inc. exclusively to our entire family of companies, or to one or more of our subsidiaries. Our headquarters is located at 55 Ameriprise Financial Center, Minneapolis, Minnesota 55474. We also maintain executive offices in New York City.

We offer a broad range of products and services designed to achieve the financial objectives of individual and institutional clients. We are America’s leader in financial planning and a leading global financial institution with \$776.7 billion in assets under management and administration as of December 31, 2015. Our strategy is centered on helping our clients confidently achieve their goals by providing advice and by managing and protecting their assets and income. We utilize two go-to-market approaches in carrying out this strategy: Wealth Management and Asset Management.

Our wealth management capabilities are centered on the long-term, personal relationships between our clients and our financial advisors (our “advisors”). Through our advisors, we offer financial planning, products and services designed to be used as solutions for our clients’ cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. Our focus on personal relationships, as demonstrated by our exclusive Confident Retirement® approach to financial planning, allows us to address the evolving financial and retirement-related needs of our clients. Over the years we have evolved our target market to move more upmarket as the needs of our clients have evolved. We currently view our primary target market segment as the mass affluent and affluent (which we define as households with investable assets of more than \$100,000), and increasingly those with \$500,000 to \$5,000,000 in investable assets. The financial product solutions we offer through our advisors include both our own products and services and the products of other companies. Our advisor network is the primary channel through which we offer our own life and disability income insurance and annuity products and services.

Our network of approximately 9,800 advisors is the primary means through which we engage in our wealth management activities. We offer our advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in serving their clients. We believe that our nationally recognized brand and practice vision, local marketing and field support, integrated operating platform, practice expansion and succession opportunities and comprehensive set of products and solutions constitute a compelling value proposition for financial advisors, as evidenced by our strong advisor retention rate and our ability to attract and retain experienced and productive advisors. We have and will continue to invest in and develop capabilities and tools designed to maximize advisor productivity and client satisfaction.

We are in a compelling position to capitalize on significant demographic and market trends driving increased demand for financial advice and solutions. In the U.S., the ongoing transition of baby boomers into retirement, as well as recent economic and financial market crises, continues to drive demand for financial advice and solutions. In addition, the amount of investable assets held by mass affluent and affluent households, our target market, has grown and accounts for over half of U.S. investable assets. We believe our differentiated financial planning model, broad range of products and solutions, and demonstrated financial strength throughout the economic and market uncertainty of recent years, will help us capitalize on these trends.

Our asset management capabilities (represented by the Columbia Threadneedle Investments® brand) are increasingly global in scale, with Columbia Management as the primary provider of products and services in the U.S. and Threadneedle as the primary provider of products and services outside of the U.S. On March 30, 2015, we launched the new Columbia Threadneedle Investments brand, which represents the combined capabilities, resources and reach of both firms. While the group now operates under one brand, established investment teams, strategies and processes remain in place at both firms and did not change as a result of the new brand, nor did existing funds or client portfolios and mandates. In addition, there was no change to the corporate structure or regulated entities as a result of

the new brand. We offer a broad spectrum of investment advice and products to individual, institutional and high-net worth investors. These investment products are primarily provided through third parties, though we also provide our asset management products through our advisor channel. Our underlying asset management philosophy is based on delivering consistently strong, competitive investment performance. The quality and breadth of our asset management capabilities are demonstrated by 116 of our mutual funds being rated as four- and five-star funds by Morningstar. We are positioned to continue to grow our assets under management and to strengthen our asset management offerings to existing and new clients. Our asset management capabilities are well positioned to address mature markets in the U.S. and Europe. We also have the capability to leverage existing strengths to effectively expand into new global and emerging markets. In the past few years, we have expanded beyond our traditional strengths in the U.S. and UK to gather assets in Continental Europe, Asia, Australia, the Middle East, South America and Africa. In addition, we continue to pursue opportunities to leverage the collective capabilities of our global

asset management business in order to enhance our current range of investment solutions, to develop new solutions that are responsive to client demand in an increasingly complex marketplace and to maximize the distribution capabilities of our global business.

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

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

• Advice & Wealth Management;

• Asset Management;

• Annuities;

• Protection; and

• Corporate & Other.

As a diversified financial services firm, we believe our ability to gather assets across the enterprise is best measured by our assets under management and administration metric. At December 31, 2015, we had \$776.7 billion in assets under management and administration compared to \$806.2 billion as of December 31, 2014. For a more detailed discussion of assets under management and administration see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K. The following chart shows our current business mix through the contributions of each segment to our pretax operating earnings (excluding Corporate & Other segment) as well as a historical comparison that reflects how we have executed on our strategy to shift our business mix toward higher growth areas in Advice & Wealth Management and Asset Management.

Our Principal Brands

We utilize multiple brands for the products and services offered by our businesses. We believe that using distinct brands for these products and services allows us to differentiate them in the marketplace.

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

On March 30, 2015, we launched a new global brand - the Columbia Threadneedle Investments® brand, which represents the combined capabilities, resources and reach of Columbia Management and Threadneedle. This new brand is intended to reinforce the strength of both firms in their established markets of the UK, Europe and the U.S. and to help us grow our presence in key markets including Asia Pacific, Latin America, Africa and the Middle East.

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

History and Development

Our company has a more than 120 year history of providing financial solutions designed to help clients achieve their financial objectives. Our earliest predecessor company, Investors Syndicate, was founded in 1894 to provide face-amount certificates to consumers with a need for conservative investments. By 1937, Investors Syndicate had expanded its product offerings through Federal Housing Authority mortgages, and later, mutual funds, by establishing Investors Mutual, one of the pioneers in the mutual fund industry. In 1949, Investors Syndicate was renamed Investors Diversified Services, Inc., or IDS. In 1957, IDS added life insurance products, and later, annuity products, through IDS Life Insurance Company (now known as “RiverSource Life Insurance Company”). In 1972, IDS began to expand its network by delivering investment products directly to clients of unaffiliated financial institutions. IDS also introduced its comprehensive financial planning processes to clients, integrating the identification of client needs with the products and services to address those needs in the 1970s, and it introduced fee-based planning in the 1980s. In 1979, IDS became a wholly owned subsidiary of Alleghany Corporation pursuant to a merger. In 1983, our company was formed as a Delaware corporation in connection with American Express’ acquisition of IDS Financial Services from Alleghany Corporation in 1984. We changed our name to “American Express Financial Corporation” (“AEFC”) and began marketing our products and services under the American Express brand in 1994. To provide retail clients with a more comprehensive set of products and services, we significantly expanded our offering of non-proprietary mutual funds in the late 1990s. And in 2003, we acquired the business of Threadneedle Asset Management Holdings.

On September 30, 2005, American Express consummated a distribution of the shares of AEFC to American Express shareholders, at which time we became an independent, publicly traded company and changed our name to “Ameriprise Financial, Inc.” In 2008, we completed the acquisitions of H&R Block Financial Advisors, Inc. and J. & W. Seligman & Co. Incorporated. In 2010, we completed the acquisition of the long-term asset management business of Columbia Management from Bank of America, which significantly enhanced the scale and performance of our retail mutual fund and institutional asset management businesses.

In 2006, we sold our large-scale retirement plan recordkeeping business to Wachovia Bank, N.A. (now Wells Fargo Bank, N.A.). We initiated the disposition of our institutional trust and custody business in 2008 to J.P. Morgan Chase Bank, N.A. and completed that restructuring in early 2009. In 2011, we completed the sale of Securities America Financial Corporation and its subsidiaries (“Securities America”) to Ladenburg Thalmann Financial Services, Inc. In January 2013, we completed the conversion of our federal savings bank subsidiary, Ameriprise Bank, FSB (“Ameriprise Bank”), to a limited powers national trust bank now known as Ameriprise National Trust Bank. In connection with this conversion, we terminated deposit-taking and credit-originating activities of Ameriprise Bank.

Our Organization

The following is a depiction of the organizational structure for our company, showing the primary subsidiaries through which we operate our businesses. The current legal entity names are provided for each subsidiary.

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

| Subsidiary Name | Description of Business |
|--|---|
| Ameriprise International Holdings GmbH | A holding company based in Switzerland for various companies engaged in our overseas business, including our Threadneedle group of companies (defined below) |
| Threadneedle Asset Management Holdings Sàrl | A holding company based in Luxembourg for the EMEA region group of companies that provide investment management products and services |
| Ameriprise Asset Management Holdings GmbH | A holding company based in Switzerland for our non-EMEA region group of companies that provide investment management products and services. We refer to the group of companies in this entity and Threadneedle Asset Management Holdings Sarl as “Threadneedle” and Threadneedle is our primary provider of non-U.S. investment management products and services. |
| Columbia Management Investment Advisers, LLC (“Columbia Management”) | The investment adviser for the majority of funds in the Columbia Management family of funds (“Columbia Management funds”) and to U.S. and non-U.S. institutional accounts and private funds |
| J. & W. Seligman & Co. Incorporated (“Seligman”) | A holding company for Columbia Management Investment Distributors, Inc. and certain other subsidiaries within our Asset Management segment |
| Columbia Management Investment Distributors, Inc. | Broker-dealer subsidiary that serves as the principal underwriter and distributor for Columbia Management funds |
| Columbia Management Investment Services Corp. | A transfer agent that processes client transactions for Columbia Management funds and Ameriprise face-amount certificates |
| AMPF Holding Corporation | A holding company for certain of our retail brokerage and advisory subsidiaries, including AFSI (defined below) and AEIS (defined below) |
| American Enterprise Investment Services Inc. (“AEIS”) | Our registered clearing broker-dealer subsidiary, brokerage transactions for accounts introduced by AFSI are executed, cleared and settled through AEIS |
| Ameriprise Financial Services, Inc. (“AFSI”) | A registered broker-dealer and registered investment adviser, and our primary financial planning and retail distribution subsidiary |

| | |
|--|---|
| RiverSource Distributors, Inc. ("RiverSource Distributors") | A broker-dealer subsidiary that serves as the principal underwriter and/or distributor for our RiverSource annuities and insurance products sold through AFSI and third-party channels |
| RiverSource Life Insurance Company ("RiverSource Life") | Conducts its insurance and annuity business in states other than New York Conducts its insurance and annuity businesses in the State of New York. |
| RiverSource Life Insurance Co. of New York ("RiverSource Life of NY") | RiverSource Life of NY is a wholly owned subsidiary of RiverSource Life. We refer to RiverSource Life and RiverSource Life of NY as the "RiverSource Life companies." |
| IDS Property Casualty Insurance Company ("IDS Property Casualty" or "Ameriprise Auto & Home") | Provides personal auto, home and umbrella insurance products. Ameriprise Insurance Company, a wholly owned subsidiary of IDS Property Casualty, is also licensed to provide these products. |
| Ameriprise Certificate Company | Issues a variety of face-amount certificates |
| Ameriprise Trust Company ("ATC") | Provides trust services to individuals and businesses |
| Ameriprise National Trust Bank (formerly Ameriprise Bank, FSB) | Offers personal trust and related services |

Our Segments - Advice & Wealth Management

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

A significant portion of revenues in this segment is fee-based, driven by the level of client assets, which is impacted by both market movements and net asset flows. We also earn net investment income on owned assets primarily from certificate products. This segment earns revenues (distribution fees) for providing non-affiliated products and intersegment revenues (distribution fees) for providing our affiliated products and services to our retail clients.

Intersegment expenses for this segment include expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results.

Our Financial Advisor Platform

We provide financial planning, advice and brokerage services to clients through our nationwide financial advisor network. Advisors can choose to affiliate with us in two ways, with each affiliation offering different levels of support and compensation. The affiliation options are:

Employee Advisors. Under this affiliation, an advisor is an employee of our company and receives a higher level of support, including leadership, training, office space and staff support. We pay compensation that is competitive with other employee advisor models, which is generally lower than that of our franchisee advisors given the higher level of support we provide our employee advisors. Employee advisors are also employed in the Ameriprise Advisor Center ("AAC"), our dedicated platform for remote-based sales and service to Ameriprise retail customers through a team model.

Franchisee Advisors. Under this affiliation, an advisor is an independent contractor franchisee who affiliates with our company and has the right to use the Ameriprise brand. We pay our franchisee advisors a higher payout rate than our employee advisors as they are responsible for paying their own overhead, staff compensation and other business expenses. In addition, our franchisee advisors pay a franchise association fee and other fees in exchange for the support we offer and the right to use our brand name. The support we offer to our franchisee advisors includes generalist and specialist leadership support, technology platforms and tools, training and marketing programs. We are committed to providing our advisors with the resources and support necessary to manage and grow their practices. Our platform offers advisors the flexibility of operating on a commission-based brokerage basis as well as on a fee-based advisory basis. Advisors have access to training and materials reflecting our differentiated financial planning model and Confident Retirement planning approach, our nationally recognized brand and "Be Brilliant"

advertising campaign, local marketing support capabilities and our full range of proprietary and non-proprietary product solutions. Our demonstrated financial strength as well as our dedication to our clients also benefits our advisor practices. We expect to continue to invest in the capabilities of and support provided to our advisor platform, with the goal of continuing to increase advisor productivity and improving on our ability to attract and retain advisors.

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Our nationwide advisor network consisted of approximately 9,800 advisors as of December 31, 2015, which includes over 2,000 employee advisors and over 7,700 independent franchisees or employees or contractors of franchisees. Of these advisors, 55.3% had been with us for more than 10 years, with an average tenure of over 20 years. Among advisors who have been with us for more than 10 years, we have a retention rate of over 95%. We believe our strong advisor retention rate, as well as our ability to recruit experienced advisors, speaks to the value proposition we offer our advisors.

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

Brokerage and Investment Advisory Services

Individual and Family Financial Services

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

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

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

Brokerage and Other Products and Services

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

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

We provide securities execution and clearing services for our retail and institutional clients through our registered broker-dealer subsidiaries. Clients can use our online brokerage service to purchase and sell securities, obtain independent research and information about a wide variety of securities, and use self-directed asset allocation and other financial planning tools. We offer exchange traded mutual funds, 529 plans, public non-exchange traded real estate investment trusts, structured notes, private equity and other alternative investments issued by unaffiliated companies. We also offer trading and portfolio strategy services across a number of fixed income categories, including treasuries, municipals, corporate, mortgage- and asset-backed securities on both a proprietary and agency basis.

Ameriprise may from time-to-time participate in syndicate offerings of closed-end funds and preferred securities. Syndicates are groups of investment banks and broker-dealers that jointly underwrite and distribute new security offerings to the investing public. Our clients may purchase for their own account the closed-end fund shares and preferred stock of such primary offerings in which we participate.

Fee-based Investment Advisory Accounts

In addition to purchases of mutual funds and other securities on a stand-alone basis, clients may purchase mutual funds and other securities in connection with investment advisory fee-based account programs or services. We currently offer both discretionary and non-discretionary investment advisory accounts. In a discretionary advisory account, we (or an unaffiliated investment advisor) choose the underlying investments in the portfolio on behalf of the client, whereas in a non-discretionary advisory account, clients choose the underlying investments in the portfolio based on their financial advisor's recommendation. Investors in discretionary and non-discretionary advisory accounts generally pay a fee (for investment advice and other services) based on the assets held in that account as well as any related fees or costs associated with the underlying securities held in that account (e.g., underlying mutual fund

operating expenses, investment advisory or related fees, Rule 12b-1 fees, etc.). A significant portion of our affiliated mutual fund sales are made through advisory accounts. Client assets held in affiliated mutual funds in an advisory account generally produce higher revenues to us than client assets held in affiliated mutual funds on a stand-alone basis because, as noted above, we receive an investment advisory fee based on the asset values of the assets held in an advisory account in addition to revenues we normally receive for investment management and/or distribution of the funds included in the account.

We offer several types of investment advisory accounts. For example, we sponsor (i) Ameriprise Strategic Portfolio Service (“SPS”) Advantage, a non-discretionary investment advisory account service, (ii) SPS - Advisor, a discretionary investment advisory account service, (iii) Ameriprise Separate Accounts (a separately managed account (“SMA”) program), a discretionary investment advisory account service through which clients invest in strategies managed by us or by affiliated and non-affiliated investment managers, as well as a similar program on an accommodation basis where clients transfer assets to us and do not maintain an investment management relationship with the manager of those assets, and (iv) Active Portfolios® investments, a discretionary mutual fund investment advisory account service that offers a number of strategic target allocations based on different risk profiles and tax sensitivities. Additionally, we offer discretionary investment advisory account services through which clients may invest in SMAs, mutual funds and exchange traded funds.

Mutual Fund Offerings (Unaffiliated and Affiliated)

In addition to the Columbia Management family of funds (discussed below in “Our Segments - Asset Management - Product and Service Offerings - U.S. Registered Funds”), we offer mutual funds from nearly 300 unaffiliated mutual fund families representing more than 3,500 mutual funds on our brokerage platform and as part of our investment advisory accounts to provide our clients a broad choice of investment products. In 2015, retail sales of other companies’ mutual funds accounted for the majority of our total retail mutual fund sales.

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

Insurance and Annuities

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

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

Banking Products

While we have changed our banking operations and products in recent years (as discussed above in “Business - History and Development”), we continue to offer consumer deposit and credit products through relationships with well-known and respected financial services companies. In connection with the sale of the Ameriprise Bank credit card account portfolio to Barclays in 2012, we entered into a co-branding agreement with Barclays pursuant to which Barclays will continue to issue Ameriprise-branded credit cards. We also entered into a referral agreement with a third party to source mortgages and related products. Finally, the cash management features of the Ameriprise ONE Financial Account remain supported by our brokerage platform, and our clients continue to have access to a variety of other cash solutions, including Ameriprise Certificates, FDIC-insured Brokered CDs issued by third-party banks and

deposits placed at third-party banks through Ameriprise Insured Money Market Account (AIMMA) brokerage sweep accounts.

Ameriprise National Trust Bank continues to provide personal trust, custodial, agency and investment management services to help meet estate and wealth transfer needs of our advisors' individual and corporate clients. The performance of such personal trust services may involve our investment products. Ameriprise National Trust Bank generally receives an asset-based fee for investment advice and other services based on assets managed or custodied, as well as related fees and costs.

Face-Amount Certificates

We issue different types of face-amount certificates through Ameriprise Certificate Company, a wholly owned subsidiary of Ameriprise Financial that is registered as an investment company under the Investment Company Act of 1940 ("Investment Company Act"). Owners of our certificates invest funds and are entitled to receive at maturity or at the end of a stated term, a determinable

amount of money equal to their aggregate investments in the certificate plus interest at rates we determine, less any withdrawals and early withdrawal penalties. For certain types of certificate products, the rate of interest is calculated in whole or in part based on any upward movement in a broad-based stock market index up to a maximum return, where the maximum is a fixed rate for a given term, but can be changed at our discretion for prospective terms. In 2015, we launched a new product that offers the ability to step up to a higher interest rate based upon the then-current new purchase rate for the same term as the current certificate.

At December 31, 2015, we had \$4.8 billion in total certificate reserves underlying our certificate products. Our earnings are based upon the difference, or “spread,” between the interest rates credited to certificate holders and the interest earned on the certificate assets invested. A portion of these earnings is used to compensate the various affiliated entities that provide management, administrative and other services to our company for these products. In times of weak performance in the equity markets, certificate sales are generally stronger. In 2015, advisors’ cash sales of our certificates were \$3.1 billion.

Financial Wellness Program

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

Strategic Alliances and Other Marketing Arrangements

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

Our Segments - Asset Management

Our Asset Management segment provides investment management and advice and investment products to retail, high net worth and institutional clients on a global scale through Columbia Threadneedle Investments, a new brand launched on March 30, 2015 that represents the combined capabilities, resources and reach of Columbia Management and Threadneedle. Although the group now operates under one brand, established investment teams, strategies and processes in place at both firms will not change as a result of the new brand, nor will existing funds or client portfolios and mandates. Columbia Management and Threadneedle have been increasingly working together over the past few years to increase the breadth and depth of their offerings to clients. Clients benefit from the depth of our combined research ideas and insights, trading techniques and portfolio strategies. In this regard, Columbia Management and Threadneedle are increasingly leveraging their combined global investment management and research capabilities through research sharing and, for certain assets, through the use of sub-advisory and personnel sharing arrangements within the global asset management business.

Columbia Management primarily provides products and services in the U.S., and Threadneedle primarily provides products and services internationally. As noted above, we refer to the group of companies in Ameriprise Asset Management Holdings GmbH and Threadneedle Asset Management Holdings Sarl as “Threadneedle.” We provide U.S. retail clients with products through unaffiliated third-party financial institutions and through our Advice & Wealth Management segment, and we provide institutional products and services through our institutional sales force. International retail products are primarily distributed through third-party financial institutions and unaffiliated financial advisors. Retail products include U.S. mutual funds and their non-U.S. equivalents, exchange-traded funds (“ETFs”) and variable product funds underlying insurance and annuity separate accounts. Institutional asset management services are designed to meet specific client objectives and may involve a range of products, including those that focus on traditional asset classes, separately managed accounts, collateralized loan obligations (“CLOs”),

hedge fund or alternative strategies, collective funds and property funds. CLOs, hedge fund or alternative strategies and certain private funds are often classified as alternative assets. Our Asset Management segment also provides all intercompany asset management services for Ameriprise Financial subsidiaries. The fees for such services are reflected within the Asset Management segment results through intersegment transfer pricing. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management, Annuities and Protection segments. All intersegment activity is eliminated in our consolidated results.

Revenues in the Asset Management segment are primarily earned as fees based on managed asset balances, which are impacted by market movements, net asset flows, asset allocation and product mix. We may also earn performance fees from certain accounts where investment performance meets or exceeds certain pre-identified targets. At December 31, 2015, our Asset Management segment had \$471.9 billion in managed assets worldwide.

Managed assets include managed external client assets and managed owned assets. Managed external client assets include client assets for which we provide investment management services, such as the assets of the Columbia Management and Threadneedle fund

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

Investment Management Capabilities

The investment management activities of Columbia Management and Threadneedle are conducted through investment management teams located in multiple locations, including Boston, Charlotte, Chicago, Kuala Lumpur, Los Angeles, London, Minneapolis, New York, Menlo Park, Portland and Singapore. Each investment management team may focus on particular investment strategies, asset types, products and on services offered and distribution channels utilized. Our investment management capabilities span a broad range of asset classes and investment styles. The portfolios underlying our product and service offerings may focus on providing solutions to investors through one or more U.S. or non-U.S. equity, fixed income, bank loan, property, multi-asset allocation, alternative (including liquid alternatives) or other asset classes, and the strategies utilized in the management of such portfolios varies depending on the needs and desired outcomes or objectives of individual and institutional investors. We continually assess these capabilities to help ensure our ability to provide product and services offerings that are responsive to the evolving needs of our clients.

Product and Service Offerings

We offer a broad spectrum of investment management and advice and products to individual, institutional and high-net worth investors. In an effort to address changing market conditions and the evolving needs of investors, we may from time to time develop and offer new retail and institutional investment products with new and/or innovative investment strategies, including U.S. mutual funds and their non-U.S. equivalents, ETFs, separately managed accounts, hedge or alternative funds and other private funds, CLOs, and collective funds. The following is an overview of our Asset Management offerings. As discussed previously, Columbia Management and Threadneedle are increasingly leveraging their combined global investment management and research capabilities to support and expand our product and service offerings.

U.S. Registered Funds

We provide investment advisory, distribution and other services to the Columbia Management family of funds. The Columbia Management family of funds includes retail mutual funds, exchange-listed ETFs and U.S. closed-end funds and variable product funds. Retail mutual funds are available through unaffiliated third-party financial institutions and the Ameriprise financial advisor network. Variable product funds are available as underlying investment options in variable annuity and variable life insurance products, including RiverSource products. The Columbia Management family of funds includes domestic and international equity funds, fixed income funds, cash management funds, balanced funds, specialty funds, absolute return and other alternative funds and asset allocation funds, including fund-of-funds, with a variety of investment objectives. The Columbia Management family of funds also uses sub-advisers to diversify the product offerings it makes available to investors on its variable product platform. At December 31, 2015, our U.S. retail mutual funds, ETFs and U.S. closed-end funds had total managed assets of \$148.6 billion in 138 funds. The variable insurance trust funds (“VIT Funds”) that we manage had total managed assets at December 31, 2015 of \$69.8 billion in 73 funds.

Columbia Management serves as investment manager for most of our U.S. mutual funds as well as our exchange-listed ETFs and U.S. closed-end funds. Columbia Wanger Asset Management, LLC (“Columbia Wanger”), a subsidiary of Columbia Management, also serves as investment manager for certain funds. In addition, several of our subsidiaries perform related services for the funds, including distribution, accounting, administrative and transfer agency services. Columbia Management and Columbia Wanger perform investment management services pursuant to

contracts with the U.S. registered funds that are subject to renewal by the fund boards within two years after initial implementation, and thereafter, on an annual basis.

We earn management fees for managing the assets of the