

Voya
Fourth Quarter 2025 Earnings Conference Call
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Presenters

Mei Ni Chu - Head of Investor Relations
Heather Lavalley - Chief Executive Officer
Mike Katz - Chief Financial Officer

Q&A participants

Bob Huang - Morgan Stanley
Tom Gallagher – Evercore ISI
Mike Ward – UBS
Suneet Kamath – Jefferies
John Barnage – Piper Sandler
Jimmy Bhullar – JPMorgan
Wes Carmichael – Wells Fargo
Alex Scott – Barclays
Joel Hurwitz – Dowling and Partners
Kenneth Lee – RBC Capital Markets
Wilma Burgess – Raymond James

Operator

Good morning. Welcome to Voya Financial's Fourth Quarter 2025 Earnings Conference Call. All participants will be in a listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero.

After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your touchtone phone. To withdraw your question, please press star-two. Participants are limited to one question and one follow-up. 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 fourth 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 two, 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 in 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 four.

In 2025, Voya delivered strong financial and commercial results that exceeded our targets and accelerated our growth strategy. We delivered over a billion dollars of pre-tax adjusted operating earnings for the full year and significantly grew earnings across all segments. We generated \$775 million of excess cash, well above our target. And in 2025, combined retirement and investment management assets surpassed \$1 trillion.

This achievement illustrates our scale and reinforces the value of our integrated business model. These financial results reflect our outperformance against the priorities we set at the start of the year: accelerating commercial momentum in retirement and investment management, successfully integrating OneAmerica, and improving margins in employee benefits. Voya's financial performance and strategic progress showed the strength of our franchise and our team's consistent focus on execution.

Before Mike walks through the quarterly and full-year numbers, I'd like to touch on a few key highlights from 2025. In retirement, we delivered exceptional results across our business. Defined contribution net flows surpassed \$28 billion, the highest in Voya's history, and our participant base is fast approaching 10 million accounts, demonstrating our expanding reach.

The OneAmerica integration significantly exceeded our financial targets while expanding the capabilities we offer clients and broadening our reach with advisors. We also continue to expand wealth management as a high margin growth engine. The business generated over \$200 million in net revenues in 2025, contributing to our exceptional financial results in retirement and helping us serve our customers to and through retirement.

Across retirement, our strong margins reflect our scale, our focus on driving profitable growth, and our disciplined expense management as we invest in key growth initiatives. In investment management, we delivered strong results, reflecting the scale and breadth of our platform and

the momentum we're seeing across the business. We delivered a record \$1 billion in annual net revenue and 4.8% organic growth, well above our long-term target.

Our platform is well-positioned in the areas where the industry is growing, including private assets, insurance asset management, and the continued expansion of our intermediary platform with actively managed ETFs.

We're an established leader in the third-party insurance channel, built on our expertise in managing Voya's general account. This channel continues to build momentum heading into 2026 and is a clear competitive advantage. Our record net flows in 2025 drove AUM to \$360 billion, highlighting both the competitiveness of our offering and the trust our clients place in our investment capabilities.

In employee benefits, we made meaningful progress in improving margins and expect further improvement this year. In stop-loss, we have increased our rates, enhanced risk selection, and been disciplined with reserving. Our actions position us well for 2026.

Across the enterprise, our results this year reflect the competitive strength of our franchise and the progress we're making against our strategic priorities. Our strong performance drove significant cash generation and positions us well to further increase excess capital in 2026. Together, our growth in excess capital and strong balance sheet gives us flexibility to deploy capital to the most value accretive opportunities.

With that, I'll turn it over to Mike to walk through the financials in more detail. Mike?

Mike Katz

Thank you, Heather. 2025 marked a strong year of execution. We generated over a billion dollars of pre-tax adjusted operating earnings, \$168 million higher than a year ago, and we increased earnings per share 22% to \$8.85. This included EPS of \$1.94 in the quarter, which was up 39% from last year. These results were driven by management action throughout the year as we delivered above plan financial results across all our strategic priorities.

We continued our commercial momentum in both retirement and investment management. We significantly exceeded our financial targets integrating OneAmerica, and we achieved substantial margin increases in employee benefits. This led to approximately \$775 million of excess capital generation in 2025, including approximately \$175 million in the fourth quarter. And looking forward, we expect further excess capital improvement in 2026.

Turning to retirement, 2025 was an exceptional year marked by record commercial results, robust earnings growth, and higher value accretion from OneAmerica. We generated nearly a billion dollars of adjusted operating earnings in retirement standalone, 17% higher than 2024.

This included \$255 million of earnings in the fourth quarter. Earnings growth was primarily driven by higher fee-based revenues, which now exceed \$1.4 billion. Commercial momentum and our integration of OneAmerica are driving a 21% increase in fee-based revenues year-over-year.

Importantly, we finished the year with an adjusted operating margin of 40% as we both drove efficiency across the business while investing in key priorities that accelerate our strategy. We generated a record \$28 billion of organic defined contribution net inflows in 2025, and we added \$60 billion of assets from OneAmerica.

Together, this supported a 30% increase in total defined contribution assets to approximately \$730 billion at year-end. We now have a base of approximately 10 million participant accounts for us to serve both to and through retirement. Looking ahead to '26, we anticipate meaningful defined contribution net inflows underpinned by plans expected to fund in the back half of the year, and our scale and leadership position in retirement provide a strong foundation for durable fee-based revenue growth, increasing cash generation over the long term.

Turning to investment management, 2025 was a year of record commercial results and revenue. Net revenues exceeded a billion dollars in 2025. Both institutional and retail revenues grew year-over-year, contributing to overall adjusted operating earnings of \$226 million. This included another year of exceptional investment results as we realized \$35 million of performance fees in the fourth quarter. We generated flows of approximately \$15 billion, well exceeding our long-term organic growth target of 2%, further scaling our franchise.

Flows for the year were broad-based across channels and strategies. In institutional, insurance channel demand for investment grade credit, commercial mortgage, and private credit strategies remained strong. And in retail, international demand for income and growth remained robust, while fixed income and specialty equity strategies drove positive flows in the U.S. intermediary channel. We enter 2026 with significant momentum, and are on track to deliver another year of organic growth.

Turning to employee benefits, adjusted operating earnings were \$152 million in the full year, significantly improved from \$40 million in the prior year. A key driver of this improvement included stop-loss, which I will discuss in a moment. In group life, full year loss ratios were at the low end of our target range of 77% to 80%. This included favorable loss ratios in the fourth quarter, driven by better than expected frequency and severity of claims. In voluntary, our full year loss ratios were approximately 50%, consistent with our plan to drive enhanced value for our customers.

Turning to stop-loss, in 2025 we delivered meaningful improvement supported by higher rates, tighter risk selection, and disciplined reserving. Full-year reported loss ratios improved by 10 percentage points, from 94% to 84%. This reflects, in part, a reserve increase of \$37 million in the fourth quarter.

Claims experience on the '25 book is developing modestly better than the prior year. However, ensuring we have a well-supported reserve level heading into first quarter is essential. And as a reminder, claims experience for January cohorts will move from approximately 65% to 90% credible on a paid basis through the first quarter.

Looking forward, we continue to embed recent experience into our pricing and risk selection. For the January 2026 business, we achieved an average net effective rate increase of 24%, above the 21% increase secured last year. Different than a year ago, we were able to maintain in-force premiums. And we had more opportunities to select our risks, with RFP volumes rising, driven by employers seeking greater certainty in their medical spend. Collectively, these actions, reserving, pricing, and risk selection, have materially strengthened our positioning and support further margin expansion in 2026.

Turning to slide 11, we generated approximately \$775 million of excess capital in the full year, including approximately \$175 million in the fourth quarter. This meaningfully exceeded our \$700 million target in 2025. Exceptional earnings drove a more than 200 basis point expansion in our adjusted return on equity, which now stands at 18.6%.

We have been disciplined with our capital in 2025, including our acquisition of OneAmerica, which is generating earnings and returns well above our original targets. More broadly, our strong balance sheet, healthy excess capital, and highly cash generative businesses provide us significant flexibility to deploy capital in the most value accretive way.

In the near term, the best use of that capital is for share repurchases. We will repurchase \$150 million of shares in the first quarter and expect to do the same in the second quarter, subject to macro conditions. Longer term, we will continue to be strategic, opportunistic, and disciplined with our deployment of capital as we accelerate our strategy.

We head into 2026 with clarity on our priorities and great momentum. We exceeded our financial targets in 2025 and expect to do the same in 2026. I'll now turn it back to Heather to share those priorities.

Heather Lavallee

Thanks, Mike. Turning to slide 12, I want to thank the entire team here at Voya. Collectively, we delivered for our customers and positioned Voya for another strong year in 2026.

Our priorities for 2026 are clear and compelling: growing excess cash generation, maintaining balance sheet strength and capital flexibility, driving continued commercial momentum in retirement and investment management, and further improving margins in employee benefits.

These priorities and our continued focus on execution accelerate our growth strategy and create meaningful value for our customers and shareholders. We are helping our customers build financial confidence and clearing a path for better outcomes today and in the years ahead.

With that, I'll turn it over to the operator so we can take your questions.

Operator

Thank you. We will now begin the question and answer session. To ask a question, you may press star then one on your touchtone phone. If you are using a speakerphone, please pick up the handset before pressing the keys. To withdraw your question, please press star-two. As a reminder, participants are limited to one question and one follow-up question.

Our first question is from Bob Huang with Morgan Stanley. Please proceed.

Bob Huang

Hey, good morning. My first question is on stop-loss, especially regarding the reserve that you've added. Can you maybe give a little bit more details behind the reserve actions? Is it more of a you're -- you have the reserves mainly just to pad the reserves to be conservative, or is it more you're actually seeing some losses developing that would cause you to take the actions you've taken?

Mike Katz

Hey, Bob. Yeah. First, just let me start by saying and reiterating what I shared in the prepared remarks. When we talk about the January '25 business relative to the January '24 business, it's running modestly better than where we were at this point last year. That includes when we set the reserves coming out of December and, frankly, where we stand right now.

And then to your question, second, we did increase reserves in the quarter. The importance of the claims experience in the first quarter can't be understated. As I mentioned, we moved from two-thirds complete to 90% complete in the first quarter. And the range of outcomes today is different than, you know, what I would say historically for stop-loss.

You hear us talk about 77% to 80%, a three point range. But with this healthcare backdrop, that range is wider, probably double the normal range. And so, when we look at the reserving, we think about being on the higher end of that best estimate range.

Now, when we look forward, when we think about the margin expansion that we expect in 2026, we certainly see that coming from not only the perspective of where we priced the Jan '26 business, 24% increase we got on that business. And frankly, from a risk selection perspective, we've gotten more opportunities. RFPs are up. And as I just mentioned, we are seeing employers look for this type of coverage as they're really trying to get certainty with their medical spend.

I -- you know, I think the big step back here right now is that, when we look at stop-loss, it did not take us off course for an incredible year in 2025. And the actions we've taken across pricing, risk selection, and how we've reserved for this heading into 2026 positions us to say the same.

Bob Huang

Got it. Really appreciate that. So, it sounds like the -- your path hasn't changed. So, maybe a follow-up on that specifically is the 24% rate increase for the January 2026 cohort. As we go forward, obviously that's a big rate increase. Do you feel that rate increase is enough or sufficient going forward as we think about just the broader stop-loss environment, or do you feel like maybe going into the next few years there should be more pricing? Just curious of any comments or dynamics on pricing.

Mike Katz

Yeah, we do. We do, Bob. We feel -- you know, when we think about where trend is, we've talked a lot about the fact that we expected higher trend in '25 and '26, and so we went out to get that rate. Certainly, it was easier for Jan '26 than it was for Jan '25 as we were ahead of many in going after that rate. But when we look at this relative to that kind of high single digit, maybe 10% first dollar trend, you lever that up around, we think, in that 20% range.

And so, the other piece I'd mention too is that that demand we're seeing from employers that are looking for certainty of spend, you know, we feel like, as we move forward on the progress of margin improvement at the cohort level, that we're going to have even more opportunity in 2026. Because when you look at the demand, it's up. Supply is, you know, at best, you know, limited to down.

Heather Lavallee

Yeah, and Bob, it's Heather. One thing I would add just to kind of do the broader step back on stop loss is we've always talked about this being a two-year journey, and as Mike talked about, the \$100 million improvement in earnings in '25 is a significant step in the right direction. We aren't declaring victory. As Mike talked about, we're reserving for a wide range of outcomes, but we believe we only have upside from here, which is why we have reiterated our capital deployment plans for the first half of '26.

Bob

Okay, really appreciate that. Thank you.

Operator

Our next question is from Tom Gallagher with Evercore ISI. Please proceed.

Tom Gallagher

Good morning. A couple of stop-loss follow-ups. Mike, when you said your actions support further margin expansion in '26, are you -- is your baseline the 84% that you did for the full year, or is it the 91% action at your loss ratio for the Gen 25 cohort? Like what should we -- when you say improvement, from which number, the 84 or the 91?

Mike Katz

I think it's both, Tom. Like when you think about the 84, I mean, certainly, that's the reported levels of loss ratios for the full year. And as Heather just mentioned, we took the EB business

from \$40 million to \$152 million. That included progress with stop loss but also from the 91% perspective. And I think Bob was getting at this just a moment ago. When you think about reserve levels -- and frankly, we -- fourth quarter is super critical when we make that assessment of where do we think the range of outcomes are. As I just mentioned, it's not a three-point type of wideness in the range. We think it's frankly closer to double that. And we want to be in a position here where we're at the higher end of that best estimate range.

Now, we certainly need to see where things play out in the first quarter, and frankly, some of the second quarter before we decide where this is ultimately going to land or will we see where this ultimately is going to land. But the one thing I would just kind of encourage folks to think about here is don't conflate where we're reserved at with where this ultimately lands.

Heather Lavalley

Yeah. And, Tom, I would just add to it, if you really compare where we were a year ago with our reserve levels, about this time last year, we were close to 95, and while we're not fully complete on the '25 book of business, you see it coming in closer to that 90, 91 range, which is quite an improvement. And so we do think it's prudent, given the backdrop, to do the reserve adjustment that Mike mentioned. But as you saw last year, things only went in a one-way direction, which was a positive direction. And so we see -- we like the progress we made, and we see further upside from here and improvement to build on what we delivered.

Tom Gallagher

I appreciate that color from both of you. My follow-up is just, if you look at the, I guess, the loss pick of 91, it implies loss cost trend was up 20-ish. Is that the right level you think is happening across the board for stop loss on a trend basis, or was there something about your risk selection? Did you get selected against? So you think your loss experience was worse? I just want to get a sense for like, what did you see in the quarter. Was it material worsening, or is this more conservatism? I just want to get a sense for what do you think actually happened and maybe why. I think people look at the 91 and they get scared because you went from 87 to 91 and think you don't have your arms around the situation. So maybe just, to the extent that you can, tell us how confident you are that you have your arms around the situation and you're not seeing adverse selection.

Mike Katz

So from a risk selection perspective, it's a battle well thought, never won. I think when we talked about the Jan. 24 business, that that was risk selection not where we wanted to be in any way, shape or form. We made improvements when we think about where we were Jan. 25, and we expect to make even further improvements on risk selection.

So it's never perfect, Tom. I think to your question around the trend, as I mentioned earlier, like we think it's in that call it 20%, high teens level. And so it was more difficult to get great in the Jan. 2025 than it was for the Jan. 2026 for the reasons that we were talking about around

demand. So when you just kind of roll that all together, the heart of your question, like, do we feel like we have our arms around this, absolutely, we do.

Operator

Our next question is from Mike Ward with UBS. Please proceed.

Mike Ward

Thank you. Good morning. I was curious about maybe just utilizing the stop-loss experience in terms of leverage in order to sort of cross-sell other products with specific employers, you know what I mean? Like how is that going? Is that becoming material? Is that contributing to your confidence in '26 for the retirement side?

Heather Lavallee

Yeah, Mike, it's Heather. I'll let Jay add, but I think what's important to think about is that we're often selling employee benefit products to the same brokers and consultants, both the stop loss and the voluntary. And it goes to the point of we see high demand for the products that we're offering. But maybe the last bit I'd mention before I toss it over to Jay is our teams have continued to be highly disciplined on margin overgrowth. So we're not leaning into anything to drive unnecessary growth, just given the backdrop. But Jay?

Jay Kaduson

Yeah. As we think through this, heading into '26, as Mike referenced, the supply at best is level, we think is actually down, but the demand is significantly up, and we're hearing that from our brokers and intermediaries. And so what it does cause is it does cause this kind of capacity conversation of there is only so much capacity in the marketplace for coverage. And getting a more fulsome book as we think through the areas of employee benefits and where we have and are in similar segments in retirement, we definitely are changing that conversation. It's happening in front of us. We're engaged in those conversations now. We expect those conversations to continue.

We are also seeing more and more from a bundling perspective. So as we get into different questions on different parts of the book, we're seeing a greater opportunity to bundle given what we've done in some of the product lines. And so I think, we'll come back to you as this conversation progresses, but it's definitely a leverage point and a conversation point we're having actively with our partners.

Mike Ward

Thanks. And then just for Heather and Mike, you both sounded confident on the idea of expanding your excess cash flow generation in '26. Wondering if you could unpack that a little bit more?

Mike Katz

Yeah, look, I think it really boils down to what we've been talking about in 2025 and what we're signaling around 2026 from a priority perspective. Heather finished with this. Really, there's really three elements. I think the first element is the commercial momentum that we've had in both retirement and investment management - record years, earnings have been fantastic. And then what we just talked about from an employee benefit perspective - we made good progress in 2025, but we're not satisfied, and we see even more margin expansion in 2026. That's going to be a contributor, as well.

And then if you're looking at it from a per share perspective, to Heather's point just a moment ago, we see share repurchases as a key element of the value proposition. And frankly, when you look at our return on equity at close to 19%, we're more than happy to buy shares at these valuations.

Heather Lavallee

Yeah, and Mike, maybe to build, and certainly makes sense why there's a lot of questions on stop loss, but if you think about the broader and frankly larger portion of our business, we've had an absolutely amazing year in '25. If I think about record revenue in investment management, record flows driven by a diversified breadth of solutions with strong investment performance. We've talked about, and you've heard Mike mention on the call, an absolute record year in retirement that is setting us up well for continued growth at margins that frankly had been above our long-term targets. We're making progress on the build-out of wealth management, which further diversifies that business.

And then the One America, where we've added additional capabilities for our clients, we've brought in additional distribution partners, but we've also demonstrated really good deployment of capital into an acquisition that generated over a 30% unlevered return. So to your question, Mike, yes, we feel confident in our ability to continue to grow cash generation in '26 and are committed to returning that back to shareholders.

Operator

Our next question is from Suneet Kamath with Jefferies.

Suneet Kamath

Thanks. Good morning. I wanted to go back to stop loss. Mike, as you were talking about the '25 block, I think you said it was modestly better than '24. And I had sort of expected it to be significantly better, just given the pricing actions that you took. So I guess the question is is this two-step process that you talked about sort of extending to maybe it's going to take you another year to kind of get there in terms of the loss ratio?

Mike Katz

Yeah, look, I think it's a stay tuned, Suneet. We're pricing this business, and we did it in the fall, we'll do it in 2026, to get our target margins. And as we've been talking about, we made a lot of progress in 2025. We're not all the way there. Our expectation is to continue to make progress

in 2026. The exact amount of that, I think we'll have a better sense as we get to more of the middle-late part of 2026. We'll update you along the way. Like, Tom was asking earlier, do we have our arms around this? We do. And we're taking action across the three dimensions, and those three dimensions are the pricing, risk selection, and the reserving.

And so we think we've taken the appropriate steps in the fourth quarter to make sure that we're in a good position in 2026 to continue that excess capital generation growth that Heather just talked about a moment ago.

Suneet Kamath

Okay. And then I guess when you go from a third to two-thirds, then to 90% of the experience, is there something in the latter part of how that experience earns in that gives you more information, or is this just, as you saw, what happened in the fourth quarter, that's what caused you to take the reserve build?

Mike Katz

Yeah, it's just timing, Suneet, right? Like fourth quarter is really critical. First quarter is really critical. That's not new news. We've been trying to get that across for the reasons you just called out. And so even though the claims are happening in 2025, we may not be aware of them until 2026. There's just a lag between event and when it's reported. And so with that healthcare backdrop, I think it's just super prudent to be on the higher end of best estimate ranges for reserves, so that's what we did.

Suneet Kamath

Thanks.

Operator

Our next question is from John Barnage with Piper Sandler. Please proceed.

John Barnage

Good morning, and thank you for the opportunity. My first question is on stoploss. And, Mike, you had some comments about range of outcomes is different today than historically and a lot wider. Is it one of these things with the stop loss business with the fourth quarter, there just probably is going to be more seasonality going forward in this business, in this backdrop, setting aside the rate need?

Mike Katz

Look, I think when we look at '24, we look at '25, we're in kind of a once in a generation type of situation as it relates to the healthcare backdrop. Where this lands as we get deeper into 2026, and is this going to be something that's happening every fourth quarter, yeah, I wouldn't want to signal that. What I would want to signal is that the analysis, the work that we do, and what we're putting on our book and the analysis and the work that we're doing in assessing what the right amount of reserves are, that's going to continue. Does the rain stay at a similar level in December of 2026 that it is December 2025? We would hope not, but if it is, that's the way we're going to

assess it. And all the actions we've taken heading into this year again gives us a confidence level that we're going to continue to expand margins in EB. And it's not just a stop loss story. It's frankly across the board in that particular business line.

John Barnage

Thank you for that. My follow-up question - can you talk about the strategic rationale of stop loss in the context of what it brings in synergies to the growth opportunity, investment management, and retirement? Thank you for the answers.

Heather Lavalley

Yeah, John, it's Heather. Happy to do that. And I think if you look broadly at Employee benefits in stop loss, this is a very important product in our overall portfolio. If you think about within the workplace business, stop loss is in incredibly high demand for employer clients to help them control really more volatile medical expenses when they choose to self-insure.

As you heard Jay mention, there is much greater demand and lower supply. And so we think we're in well positioned, specifically demonstrated by the 24% rate increase we achieved on the book while maintaining the block size. But it also goes broadly. You think about the supplemental benefits we have. Those are really critical for families and employees to cover out-of-pocket expenses when they're in a high deductible plan. It goes to the capabilities Jay talked about in terms of the lead management buildout is that our workplace benefits, are designed to help people protect against unforeseen events.

And then you think about the complementary nature across retirement, wealth management, and asset management, those are all really around accumulation, returns and planning. And so I see them as the opposite side of the same coin is that we've got the right capabilities to serve clients at the workplace. We've got the right capabilities to bring to institutional clients. And it goes back to our vision of really helping clients to achieve a secure financial future. So it really is a great strategic asset for us. Thanks, John.

Operator

Our next question is from Jimmy Bhullar with JPMorgan. Please proceed.

Jimmy Bhullar

Hi, good morning. So I just had a question on stop loss, as well. And clearly, the results have improved over the past year as you've implemented price hikes. But it's hard to imagine that you're not seeing something that would have warranted you increasing the pace at which you're building reserves versus three to six months ago. Like, I just don't think you would just willy-nilly raise the reserves just for the hell of it to be conservative. So -- and you haven't answered anything on any of the questions on what it is that you've seen now versus maybe three months ago, six months ago that have caused you to raise reserves as much as you have. Like, I realize you will eventually fix this, but you're just not answering the question on what's happened in the business the last few months.

Mike Katz

Yeah, Jimmy, I think again, like -- and maybe just to give you a little bit of color on the types of claims that we're seeing, if that's what you're looking for, and it's not a different theme. Like, we're seeing the same themes with respect to higher frequency related to cancer, particularly at younger ages. We're seeing the higher severity from a cell and gene therapy perspective. And again, like, think about where we are in the development. I think that's the key here, right?

We've moved from really not developed until we get to the third quarter, but even the third quarter, we're only about a third developed. We moved to two-thirds developed in the fourth quarter. That's when we're making the real assessment on the range of outcomes. And then in the first quarter, we're getting a sense of where this lands.

And so as I mentioned earlier, when Tom was asking, like don't conflate where this is landing from where we're reserving at right now. The range of outcomes are wider, and so the prudent thing to do is to be on the higher end of that best estimate range. So the ultimate improvements are going to play out as we move through the course of 2026, but we feel good about where we are, and we feel good about the progress we're making.

Jimmy Bhullar

But the range of outcomes, okay, that is wider, but you're choosing to be conservative based on something you're seeing in the market, right, or in the loss environment because you could have chosen to be conservative throughout the last several quarters, as well. Like, I heard all the other questions. That's the reason I asked -- or I heard all the other answers.

Heather Lavallee

Yeah, just, Jimmy, let me add on. I think Mike's been really clear in why we did what we did. But if you take a bigger step back and you think about what's going on in the U.S. healthcare market,, all right, we are seeing more cancer claims. We are seeing higher cost of pharmaceutical drugs. That gives a wider range of outcomes.

So if we have historically given you a target range of 77% to 80% of a loss ratio, when you think about it, that's a really narrow margin, right? Think about -- if you think about a hurricane trajectory several days out, you've got a much wider cone. And as you get closer, you see a lot -- you have a lot more certainty. And that's really how stop loss develops. It is a the third complete through the first nine months of the year. The completion doubles in the next quarter. And so for where we are, and given the claims that we see coming in, as Mike -- Mike hit on, that we see '25 coming in favorable to the '24 book. But it really is that range of uncertain outcomes, given the broader healthcare backdrop, that we just think it is prudent to take the reserves up. And we see opportunities to more surprise to the good versus surprise to the bad.

Operator

Our next question is from Wes Carmichael with Wells Fargo. Please proceed.

Wes Carmichael

Hey, good morning. Maybe first question off of stop loss, but in the retirement business, could you maybe talk about the outlook for full service in 2026 in terms of organic growth? And also, are there any shock lapses that you expect to still come from One America, or are we largely through that?

Mike Katz

Sure. Good morning, Wes. If you think a little bit about where we are heading into '26, we are building off of '25 strong organic DC net flows. If you think about the \$28 billion we generated, we also had \$60 billion in assets from One America. Our growing participant base is approximately \$10 million. And we've done that in high-90s retention rates.

So we do expect that the flows in '26 to continue to be strong. Much of this we expect to be back half weighted. We do have visibility into some of the plans that are funding in '26. An important data point that we use is around plan RFP activity. And we saw that activity continuing to grow at a healthy and consistent pace heading into '26. We're really pleased with the strong commercial momentum in retirement, and we'll continue to come back. Again, that's on the heels -- if you think about where we finished in '25, Heather referenced this, earnings growth of 17% and above target margins of approximately 40%, so really heading into the year with a lot of strength.

Wes Carmichael

Got it. That's helpful. Thanks, Jay. And maybe just a follow-up on capital deployment. Mike, I hear you loud and clear on buybacks being a near term use of capital, but could you maybe talk about a little bit further out? Are there more potential roll-up opportunities in the retirement space? And maybe how many opportunities are out there that are similar to OneAmerica that you might be thinking about.

Heather Lavalley

Yeah. Wes, it's Heather. I'll take your question. So if you think about it, you know, the industry -- retirement industry continues to be in secular consolidation and we're viewed as a natural buyer. I think we demonstrated that very clearly with OneAmerica that we can do this quite successfully and deliver for our clients. So we're actively assessing opportunities. We think that the, you know, there is a number of opportunities that we can pursue.

But having said that, we do have a high bar for M&A right now given what Mike talked about as we see the most value creation deployment of excess capital is into share buybacks. Maybe the finish -- the final comment I'd make, Wes, is to go back to something Mike mentioned on the third quarter call is that, if we were to pursue a retirement roll-up, it does not take us off track to be able to return capital to shareholders. We understand that that delivering and returning capital on a consistent basis is important to our shareholders. So if you think about, you know,

about the cash payment of OneAmerica, not a large size. So we think there's something that we can -- we can do both.

Operator

Our next question is from Alex Scott with Barclays. Please proceed.

Alex Scott

Hey. Thanks for taking it. I do have one stop loss question. I promise I'll ask about something different. So you know, when I think about the 91 policy year and I think about the 24 and the fact you took 21 and it didn't get better last year, it does feel like, you know, to believe that you can get better off the 84 calendar year, I need to be able to believe that what you're saying on the conservatism and reserves is real. And it's obviously a tough thing to believe just because, like, you know, we've had this negative moment in broadly in the business. Albeit, you did a favor for development of last year.

So I get it, but I wanted to see if you could give us some metrics, right? Like, usually we could assess this using, you know, in property and casualty or something like a paid due ultimate. So if you could tell us how much in actual cash claims you've paid out so far this year on the 25 policy year versus last year versus, you know, maybe the historical average or IBNR as a percentage of reserves. Something to help us like have some kind of quantitative evidence that what you're saying is real around this conservatism.

Jay Kaduson

Yeah, again, Alex, like, I mean, that's something we can think about for future calls to put out there. I think, again, as we've been talking about the first quarters can be able to put that in a more clear light because I think folks will take information on paid claims and try to compare that to 2024, and it's hard to do that. And why it's hard to do that is, you know, number one, it's a smaller block. You know, second, you know, the -- we've improved the loss ratio experience.

And then even claim settlements, which we're doing faster today than we did a year ago, can conflate how to think about this thing. So we don't want to confuse the matter from that perspective. But again, like, we -- when we've been talking about this, we -- the uncertainty around claims in the fourth quarter was high in coming into 2025. It's high coming into 2026. We were happy with how the 24 block is developing. That's developed favorable relative to where things were reserved for coming into 2025. We cannot guarantee that's going to happen in 2026, but that's exactly how we're positioning ourselves.

Alex Scott

Okay. All right. Understood. And then second question I wanted to ask about; artificial intelligence. And you know, maybe both the good and the bad, right? Like, what are the opportunities you see broadly? But then also, you know, from a risk standpoint, are there any parts of your business that could get disintermediated? And I think the stocks kind of moved

yesterday on the idea that maybe there's software concerns and investment portfolios broadly, so I'd be you know open to any kind of color you could provide on that as well. Thanks.

Heather Lavallee

Thanks, Alex, for the question. It's Heather. I'll start and then I'll ask Matt to add some comments on, you know, just how do we see it in in the broader investment arena. So first, as you think about AI, the opportunities, as you'd imagine it's something we're leaning into. Our focus is on leveraging AI to be able to improve client experience, to help us to drive efficiencies, and to support scale and growth.

We are deploying it right now across a number of areas within our claims organization, within our contact center, certainly within technology as we think about how it allows us to speed up some of the software -- the, you know, programming that we're doing. So you know, it's something that we are leaning in to. It's not new. We've been leveraging some bit of AI for a number of years.

We're also paying attention to how it could disintermediate us. I do think that, you know, given the businesses that we are in, we -- you know, people need insurance. They need retirement planning. We see it as something that is, you know, a little bit less of a disintermediator, but we're paying attention to ways that it could disrupt us. But right now, we see a lot more opportunities than headwinds on AI. And a critical one goes back to something we've done for years which is expense efficiency being able to maintain and grow our margins and we see AI as an important lever. But Matt?

Matt Toms

Yeah. Alex, an important question for the broader investment universe here. You're 100 right. I think it's important to think about where there's risk and where there's volatility. And I'll start with an insurance sense about our general account and how we do this. Really not an issue within the core GA bond portfolio. Broad technology makes up for us a little over 1%. I think you'll see some stats a bit higher across our peers, but again I think you're going to be generally in the single digits there.

We're a little over 1% and software is about .5%, if you look at that directly. And in the investment grade space, you're going to run in names like Alphabet, Microsoft, Salesforce, and beyond. So you've got diversified business models that can actually do quite well with AI if done correctly.

So within the core GA sense, I don't view it as an issue. Within the private portfolio, less than 1% of our portfolios in tech. And within high yield, we're not really exposed to below investment grade in a meaningful way and -- as a balance sheet, and that's where you see more industry risk. We don't have anything notable there. Nearly zero in high yield tech.

Over time, we view technology -- we've got much better investment from an equity standpoint than a debt standpoint. You can have very disparate outcomes. That plays itself better in an

equity sense. Across the equity portfolio, you really have to get into our alternative portfolio for Voya. That's about 3% of our balance sheet. Within PE, you'll tend to see 25%-ish, 20-25%. We're lower than that 25% number in software related, so it's still meaningful. But you get, again, down to a number that's less than 1% of the GA and I think that's where you have both upside and downside.

But in the debt markets, we prefer to lean away from tech and feel very well supported. But if you're going to look for volatility, look for those more the venture, more the recent vintage PE. We don't feel meaningfully exposed there as far as even that alternative portion of our portfolio.

Operator

Our next question is from Joel Hurwitz with Dowling and Partners. Please proceed.

Joel Hurwitz

Hey, good morning. So just one on stop loss. I'm like, I guess I'm just still trying to understand why you can't provide us with the paid claims experience, right? That's something that you guys provided us last year in the fourth quarter in your slide deck. And at the end of the day, I think we're all just trying to understand what does it actually mean that the book is performing modestly better year over year.

Mike Katz

Yeah, look, I think that's, again, something we can think about taking forward, Joel. Like, when I -- and I mentioned this just a moment ago, you know, from a reserving perspective and why we need to be cautious with this. The amount of reserves that we have up this year versus last years is meaningfully less and part of that is because we've got a smaller block. Part of that's because of just timing of when reserves were released versus incurred from the 24 to 25 block and then just the settlement part of it on paid claims.

And so when we do the assessment of what we think the appropriate reserve level is, yes we look at paid claims, we're looking at reported claims. There's more dimension to that than just, hey, how are paid claims developing? But we certainly can provide more color as we move down the road. And particularly in the first quarter, I think, would be an appropriate time to do that because you're going to have the right comparison year over year, but we just be reiterating the same messages that we shared earlier with respect to how we think about reserve levels.

Joel Hurwitz

Okay. And then shifting, can you just provide some outlook on how the take up of your new leave offering and short term disability is gone and how we should think about that from a revenue and earning standpoint in '26?

Heather Lavallee

Sure. Jay will start, and Mike can address revenue question.

Jay Kaduson

Great. You know, if you think about the leave investment, you know, we did successfully launch the integrated leave and disability claim solution in January. We do expect that the offerings is going to continue to contribute revenue throughout '26. While it's early, we are encouraged by the initial feedback from our clients and our intermediaries and they are providing that feedback real time.

The market demand for this is really strong. We did see that over 50 percent of the group life disability and sub health RFPs for 1126 were bundled with leave. It's a really positive sign given the insource and the commitment we've made to the space. But we are consistently hearing right now from our clients and brokers that leave administration is the most important capability they're looking for from carriers today. So specifically, they focus on the claims experience for their employees. We'll report back progress throughout the year, but we're really happy with the 1-1 launch.

Mike Katz

Yeah. The only thing I would add, and I want to come back to the question from Joel just for a moment, but when we look at -- just as you're looking at enforced premium growth, I think we just would encourage you to look at the growth from '23 to '24 to '25. So growth has been,, you know more modest year every year. But when you look at two-year growth cross voluntary group life, very, very good. We had a fantastic year in 2024.

And just on paid claims, too, I know that that's come up a couple times here at the end. Like, we're not sharing a number. We're saying it's modestly better when you look at Jan '25 or Jan '24. You should be thinking low single digits better on a paid claim basis from where we were a year ago to today. More to come. We don't want people running with that number yet because we need to see how things play out for the balance of the year. But that just decides it a bit. That's kind of what I would have in your mind.

Joel Hurwitz

Okay, thank you.

Operator

Our next question comes from Kenneth Lee with RBC Capital Markets. Please proceed.

Kenneth Lee

Hey. Good morning. Thanks for taking the question. One on investment management. You saw nearly 5% organic growth in 2025. What are your expectations are for organic growth this year? And in particular, any specific products or offerings you see as driving most of that growth? Thanks.

Mike Katz

Hi, Ken. Yeah, so as you reference, very, very pleased with the overall momentum in 2025. The \$14.6 billion net growth, 4.8%. Really best in a market that's still has headwind. So very happy with that. The theme going into 2026 is, I would say, twofold. A, longer term, we continue to think about that two plus percent organic growth rate assumption.

We enter '26 with momentum that has allowed us to grow above that and we do expect the first quarter to be positive with good breadth across the domestic market. So that's good as we really come into the year on our front foot. That's driven by strong investment outcomes. If you think about the 1, 3, 5, 7, 10 years, you know, we deliver for our clients and we get rewarded by our clients with net cash flows. And that's still the basis and I think the performance fees in the end of the year were a testament to that as well.

As far as where we're seeing products and channels, not a big change. Insurance with fixed income public and private still a stalwart for us. Very strong competitive position. Everything more broadly in the US institutional space. In DC, our target data offerings and partnership and coordination with our retirement business is a good forward look. New products coming there and fixed income continues to resonate there. And then internationally, income and growth and somatic equities again driving that -- driving that. So really, it's a continuation of a story of breadth while we're looking to continue to grow upon our strength. So we enter first quarter feeling quite good.

Kenneth Lee

Great. Very helpful there. And just one quick follow up, if I may, just on the voluntary benefit side. What's the outlook here for this year? It's still around 50% benefit ratios there? Thanks.

Mike Katz

Yeah, maybe I'll hit it from a loss ratio perspective margin and then maybe, Jay, if you want to hit it from just a premium perspective. So we've talked about 50% throughout the course of 2025. We have been building up reserves to get in front of the fourth quarter when we see a lot of seasonality for that product line. That worked exactly according to plan so we saw the 50 come through.

The outlook, you know, we'd say modest increase with respect to loss ratios. That's totally part of the plan of us providing more customer value with these products. These are important compliments to high deductible health care plans. But from a net margin perspective, and you know, Heather was alluding to this before, I think it's true not just within EB but across the board, I mean, we are constantly finding areas where we're looking for efficiencies to offset either investments for growth or protect margins where we want to deliver more customer value. And so I think when you look at the voluntary line I would think of slightly higher loss ratios but net margins intact.

Jay Kaduson

Good morning, Ken. I'll address a little bit where how we see, you know, the voluntary market heading into 2026 and maybe a quick step back on EB. We do expect growth in 2026. 1/1/26 sales showed that commercial momentum. Just as a reminder, you know, we are a top three provider of voluntary. We've got about 10 percent market share.

I did reference the newly insourced integrated leave and disability claim solution. That is going to be kind of contributing to some of the growth and retention of our voluntary products. That did show itself in 1/1/26 as I referenced that 50%, you know, RFP with bundle. You know, with that said, our top priorities right now across all of EB really does remain focused on this margin expansion.

We're doing it through pricing execution. We are -- it is driving stronger persistency in our customer base. That's important. And as Mike referenced, we're creating more efficiencies in the business through investments in claims automation in AI, which is starting to show itself into the efficiency line. And so, you know, really happy with where we are in the EB business. As it relates to voluntary, 1/1/26 was a positive step.

Operator

Our next question is from Wilma Burgess with Raymond James. Please proceed.

Wilma Burgess

Hey. Good morning. What's the best way for us to -- or could you give us some insight into how you're thinking about the loss pick for the January 2026 stop loss business? Maybe if you could just pull together the pieces on the 24% rate increases, 20% medical trend, and any benefits from risk selection. Thanks.

Mike Katz

You know, not a ton to add here, Wilma on just how to think about trend, that part of it. And we've talked about that being in approximately 20% high teens is where we see trend, and so the other part of its risk selection where we continue to make improvements particularly versus where we were with the Jan '24 block.

Jan '26, we'll come back to that in the first quarter. I think it's the same story here where we're going to look at the experience that comes in Q1. We talked about getting improvements, so we'll be in a better place than we were for Jan '25. But where we ultimately set that, we'll make that judgment in April.

Heather Lavalley

Yeah. And Wilma, the only thing I'd add to Mike's point is just something he said earlier is as we're pricing this business, we are pricing it to be back within our target loss ratio range. So I just think that's an important element. And as Mike mentioned, we'll give you more details on the first quarter call.

Wilma Burgess

Okay. Thank you. And cash generation exceeded Voya's target for '25. Could you draw a little bit more into the factors? Were reserve releases on '24 stop loss business, is that something that would have supported the figure or how should we think about that? Thanks.

Mike Katz

Yeah. I mean, certainly had an effect on the cash generation in 2025. I, think you know, net you think about what we did in the fourth quarter with the prior period reserve releases in Q1, Q2 were net favorable. With respect to just stop loss, EB in totality was better. I talked about expenses. So it certainly played a role and we, you know, the he base case is that it plays a role in 2026 as well.

Heather Lavallee

Yeah. And I would add, Wilma, is, you know, again, you think about the cash generation of our retirement business, the largest business, the successful integration of OneAmerica above our targets, that was also a significant contributor to cash generation in addition to what we delivered for an investment management. So really, it is a portfolio story and something that we are confident we're carrying into '26.

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.