Voya Financial

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Michael Ward: All right. Thank you, everyone, for being here with us. I am Michael Ward, North American Life Insurance analyst at UBS. Very happy to have Voya with us today. We have Heather Lavallee and Mike Katz, CEO and CFO, and we're very excited to be here today. So, we'll get right to it. I figured, Heather and Mike, we could start with some key messages after the 4Q, into '26.

Heather Lavallee: Yes, I'll start. And I think the first is that we had an exceptional year in '25. You look at what we achieved from significant growth in cash generation, $775 million, significantly up from the prior year. You look at the record commercial results that we drove in our Retirement and our Investment Management businesses, where we now sit at a combined $1 trillion of assets between those two businesses. We had record earnings growth in our Retirement business, and we made a significant improvement in our Employee Benefits margin. And so that carries a lot of momentum for us.

The second major point is we see a significant opportunity to grow our cash generation into 2026. So that momentum that we delivered in '25 will carry us into 2026, really fueled by the commercial growth in Retirement and Investment Management and the ongoing improvement in margin in Employee Benefits.

The third main point I'd highlight is the fact that we have a really strong balance sheet and highly cash-generative businesses, and that gives us a lot of flexibility as we think about how to deploy that capital into '26.

Now, Mike and I have talked about on our call and in follow-on meetings that we are deploying more capital towards share repurchases in the first half of the year. We've talked about $300 million in the first half, kind of equally split between first and second quarter. But that does not prevent an opportunity for us to be able to do a Retirement roll-up. We've been very clear on our focus of consistent cash generation and return back to shareholders while still creating optionality for us if we see another opportunity like OneAmerica, which we were really pleased with how we delivered.

So I think I'd wrap with we've got a really clear and compelling value proposition for investors, complementary businesses, highly cash generative and a really strong balance sheet as an organization.

Michael Ward: Great. And I forgot to mention anyone on the line, you can submit questions virtually, and we can take them towards the end and of course, anyone in the room as well. But thank you, guys.

So, figured we could start with the core Retirement business, strong commercial momentum, record net flows. I thought we could dive into your strength there in '25 and what you're seeing into '26?

Heather Lavallee: Sure. Yes. As you think about our Retirement business, again, our largest business, we've overachieved on the margin targets for the last couple of years. So last year, we delivered close to 40% margin, which is above the 35% to 39% guide. As you mentioned, Mike, we had record organic growth, $28 billion in flows, and then we added the $60 billion of OneAmerica flows on top of that. So you just think about that growth of close to $90 billion of assets. We added close to 2 million participants. We're sitting close to 10 million participants. And so we just think this is a business for us where we've got a lot of scale. We've got a lot of commercial momentum. Our retention level remains really strong. And as we think about the investments we're making in wealth management, that allows us to both fortify but continue to be able to grow the business and serve our clients much more holistically as we continue to scale and grow that business.

Michael Katz: Yes. You're not going to hear from us talking about big expense takeout programs. It's not really what we had planned. What we have planned is just consistent discipline around how we run the franchise. And Retirement being the biggest business, obviously, we see opportunity there. And to Heather's point, I mean, it's why we're seeing margins above our target range. I mean, certainly, a lot of success around the OneAmerica transaction. We're moving into year two. So that piece is going to give us the ability to get into even more integration and opportunities. So that allows us, to Heather's point, to both invest for growth at the same time we're maintaining strong margins and growing earnings.

Michael Ward: Maybe just on OneAmerica. I think that was a pretty solid deal and a tremendous add for you guys. Just kind of wondering, you know, any key learnings so far? I do wonder if we could go into maybe the potential for other assets out there that might exist similar to OneAmerica, but maybe we could dig into that deal a little bit.

Heather Lavallee: Yes. I'll start and Mike can certainly add. So if you think about OneAmerica, we had set out targets of $200 million of revenue growth, $75 million of earnings, about 90% plan retention. And we have significantly exceeded the revenue and earnings targets we set. But I think even broader than that, so we achieved financially, the team did an excellent job with the integration. So we are at the point right now where we've done two of the four integrations completed. The retention is incredibly strong from those. We've got clients that are really pleased with the additional capabilities that we've added for them, just being an at-scale retirement provider. But we've also added new capabilities for clients, the ESOP plan. We've added distribution through the Edward Jones relationship. And so this is something that not only had over 30% unlevered returns for shareholders, but it really positioned us in the market to be viewed as a net consolidator and a firm that is going to be growing in the space. And so that's something that has resonated with clients and advisers. And I think as we look at opportunities for more OneAmericas, we're certainly active in the market. We see that if you think about the industry as a whole, it is in secular consolidation, right? There are roughly 60 different retirement providers and the top 10 control 80% of the assets. And we squarely sit as a top five provider. So we are truly a grower, a consolidator. And those bottom 20, it's going to be very hard to continue to compete. So we do see opportunities.

Maybe the final thing I'd mention is that we do have a very high bar for M&A, right? Obviously, OneAmerica was really a terrific acquisition for us. We want to make sure we're disciplined and you can never necessarily control timing. So we're active. We're going to be disciplined, and we're going to look for more opportunities to do further roll-ups.

Michael Katz: I mean, Heather, you hit it all, right? I mean the only thing I'd be doing right now is just reinforcing it. I mean, tremendous returns out of this opportunity for us. And I get excited because we're into year two on this. So there's going to be more things that get unpacked by the teams as they have the opportunity to further optimize the asset. And then, Heather, to your point, like we're

going to be incredibly disciplined, right? The returns on that particular transaction well above our return on equity. So this is one we felt like looking at the execution risk around this relative to the return made a ton of sense. To Heather's point, there's going to be more opportunity, but what you should expect from us is we're going to be incredibly disciplined about it.

And so when we talked about, and Heather just mentioned earlier, the $150 million of return of capital through share repurchases quarter one, we do it again in quarter two is because we don't see anything imminent right now. But that doesn't mean that there won't be opportunities as we move forward throughout the year, especially when there's a lot of volatility in the markets, that tends to shake out some of these opportunities. But we can also participate in those bolt-ons and still return capital at the same time. So that gives us a lot of flexibility.

We feel like we have a lot of flexibility coming into the second half of the year. And frankly, we have the earn-out already set aside. So when we come out of the end of the year with approximately $400 million of excess capital, that includes the earn-out that we expect to pay later this year.

Michael Ward: One of the things I'm kind of wondering is, so record keeping is consolidating, there's some competitors that are more actively trying to consolidate, but there's not a ton, right? So I'm just curious how that competition has developed for these targets?

Heather Lavallee: Yeah, I think there are some that are really just looking for a large scale acquisition, right? We've seen a number of those over the past four or five years where they're sizable. So I do tend to think that the very large want to do something that is of a significant takeout. I think for us, we're more uniquely positioned to pursue the bolt-ons because if I go back to OneAmerica, one of the reasons why we were the one who kind of were victorious in being selected for that is we had a good relationship with OneAmerica. And they wanted to have a really good home for their clients and for their employees. And so the culture matters. So that's something where when we go through these and we treat people well, we executed really well on the technology migrations, positions us well to be able to do more of those. And so I just think there's going to be different types of buyers in the space. And it's one where people are going to, I think, continue to be disciplined around it. But I just think that you've got some focus on the large end and not as many that are going to be focused in on the spot where we're pursuing.

Michael Ward: Okay. So maybe on the next sort of stage of the retirement phase, but wealth, I think, is an exciting area of focus for the industry, specifically for you guys. Wondering if you could maybe give a quick rundown, size and scope, of your wealth business today.

Heather Lavallee: Sure. Maybe I'll start and then maybe Mike can hit on the investments and the returns. So first, one of the things we want to be very clear on is our wealth management business is an established business. So we talked about on the call, $200 million of existing revenues that are coming from Retirement. You think about that as roughly 10% of that business. And so we're not building from greenfield. And I think that's a really important point. As you think about where we're growing and why we think we're uniquely positioned, when we talk about 10 million participants in Retirement, 20 million across the workplace, these clients are looking for support, advice, and guidance from us. So we've got a bit of a captive audience. And what has been a limiter is just the number of advisers being able to scale and reach to serve those clients. So for us, making thoughtful investments to grow our field and phone-based advisers is going to allow us to serve those clients in a broader way. And again, they're looking for us to do this. We also don't have distribution and acquisition costs the way some other wealth managers do, where they've got to go out and really try to generate the leads. We have this existing population for us. And maybe the last bit, and I'll toss it over to Mike, is we're being incredibly thoughtful as we think about the investments, how do we fund those, and what we expect to get from returns from this business.

Michael Katz: Yes. And to that last point that Heather referenced, we view this as a business that's going to be at or better than the margins we report in Retirement over time, right? Obviously, there's going to be a bit of a J-curve as we invest this year. But as we were talking about earlier, I think a lot of people asked us a number of questions around how much we were investing in third quarter. We were very transparent around that. But what we didn't get as deep into was, look, we were right in the middle of planning and the teams were thinking about, okay, how do we self-fund as much of this as possible? And that's the work that really happened over the course of the fourth quarter. And so that's the mindset we have coming into this year, is that while we're investing within this wealth management business, we see 20% plus returns out of this. We feel very good about where we're investing, both from a technology, very targeted. And then as we're adding advisers, making sure that we do that with an eye towards the productivity gains that we expect to get with every adviser that we bring in or have from an existing perspective, we feel good about that. And we have a lot of flexibility on how fast we hit the gas or if we want to hit the brakes a little bit throughout the year, but it's a tremendous opportunity for us. That's why we're leaning into it. And we see it as one of the key reasons why the Retirement business goes from more low single-digit revenue growth type of business to more mid-single digit over time. That's why we're making the investments along with the customer reasons that Heather just called out.

Michael Ward: And I feel like one sort of distinction that I think is important as we think about this for Voya, but wealth management is a broad term, right? And UBS is a significant one, right? That caters to a specific set of clients, whereas having that, you know, the foot in the door on the Retirement side, the average sort of 401(k) customer that might literally not know what to do with their retirement savings once they retire, there's real value in just being there, I think. I'm not sort of pitching your product, but having someone on the phone able to say, well, you could consider this or this, right? I think that market is underserved. Would you agree?

Heather Lavallee: Absolutely. And Mike, as you think about it, so exactly to your point, we're targeting a different client than many of the other wealth managers that may be focusing in on the ultra high net worth individuals. We're focused on mass affluent, which is your average worker who is sitting inside a 401(k) plan, a 457 plan, of various ages. We actually are very excited about the Millennial population. This is a population that does not have access to advisers and they're very often going to look to their employer. They're also going to look to different digital tools. So as we think about what we're building here, it is having, first, field and phone-based advisers that can service those clients either face-to-face or over the phone, as they're looking for what should I do with my old 401(k) or I'm approaching retirement or how do I think about planning?

Where also the digital is so important because, again, you've got a client base that wants to do things in a much more digital savvy way. So that's why investing in the digital self-service is so important. But the third element of this is, and something you're going to hear us get a little bit louder about, is we also have proprietary products that we sell through third-party distribution. And those are also a significant portion of that $200 million of revenue.

So as I think about where does the revenue grow here in terms of how we serve those clients, it comes through rollovers from the DC business. It comes through us being able to do retail planning for those clients. So think about held away assets or it could be rollovers from another retirement plan. But this third-party proprietary, where we're able to distribute our own mutual fund IRA products into third-party advisers creates a very compelling opportunity for us to serve in a more broad way.

Michael Ward: Yes. I'm going to jump ahead to actually that sort of topic. You touched on the Millennials. I think that when we talk about recordkeeping, one of the things that comes up is the large population of Baby Boomers, the assets they've accumulated and I think 11,000 are retiring each day at this point. But what we rarely talk about is the generations under them. I'm a Millennial. I started contributing to a 401(k) early because that's what we were taught, right, whereas Boomers earlier in their careers may have had pensions, they actually didn't even contribute as early, even though

they do have accumulated wealth at this point. So I just feel like that part isn't talked about as much. And at the same time, the earlier generations are earning more, right, and saving more. So I was wondering if you could sort of comment on that and that dynamic in terms of the outflows versus the inflows that you're seeing.

Heather Lavallee: Yes. And I'm glad you brought that up because there has been such a focus on the Baby Boomers and the headwinds in Retirement. And I think we missed the fact that by the time we get to 2028, the Millennials will represent the largest portion of the workforce, which is close to 50 million workers. And then you think about the Gen Z population, 5 years later, the Gen Z population, that's another 50 million. So this is a younger generation that is actually focusing in on active savings. We're seeing a lot of younger investors and younger savers that are actively engaging and being able to first take advantage of the employer doing auto plan enroll, auto escalate. So they're learning the discipline around saving being part of the retirement plan, but they're also much more open and engaging with IRAs and Roth IRAs and thinking about investing in a broader way at a younger age. Many of these populations have grown up in an era of having higher student debt. So as they are coming into a phase where they're starting to see higher earnings, they're seeing the importance of engaging not only in the retirement plan and the broader benefits, but really in engaging with financial planning earlier. So we're really focusing in on that 100 million population that is fast approaching in the workforce and how do we engage them? And I'd emphasize the fact that this generation does not have access to advisers, right? I've talked before of -- I have two boys, almost 24 and 26, and who do they call when they've got a question about the retirement plan. Of course, they call mom, right? And really understanding, but they're very active on “how much should I save, and should I max out” and how are they thinking about it? And we want to be able to give them more access to advisers and planning in a more democratized way than exists.

Michael Katz: The only other piece I would add, Heather, is that third shot on goal, right? So we're focused on the Millennials. We're focused on that mass affluent today. But as the Baby Boomers age, there's going to be a transfer of wealth, as well, that's going to happen throughout all of that. And I think it's part of what we think about more in the longer term of the investments on the wealth management side, well positioning us for that transfer of wealth to be able to take advantage of it.

Michael Ward: Yep, totally agree. So defined contribution sort of as a topic. It feels like it's been in the news more frequently last 12 months or so. Department of Labor sort of being more active in defending employers, private credit, of course, inclusion in some of these products, the White House having ideas about helping people access liquidity for home purchases. So my question is, how do you see these different topics, and do you think that this business, I think it is more exciting today than in recent history?

Heather Lavallee: Yes. I think one of the things that is central to all of these themes is that retirement is at the crux of financial well-being for the American worker. And what we're seeing is if you think about the changes the administration is doing with the Department of Labor, there has been a lot of pressure on the plan sponsor, the role as a fiduciary. There's been a lot of lawsuits, which have made them a little bit more difficult to engage in certain investment vehicles or thinking about what is the fee structure. And so I think, number one, we see a more favorable environment for the plan sponsor and the fiduciary. Perfect example is the direction of being able to create legislation that is allowing private credit inside these plans. And we are having more and more clients who are asking around how do they best engage, having them part of an adviser-managed account today, but being embedded in a multi-manager target date fund solution is something that they find quite appealing. And so having a regulatory and legislative environment that is shifting, I think, is favorable.

The second is a lot of the other focus, you think about, I know recently there's been focus around retirement savings and is that a vehicle for purchasing homes. I think that takes away from all of the legislation that's passed in the recent years of the Secure 1.0 and 2.0 plans that have been really promoting increasing ways to drive more savings into retirement plans. And so we see that the

retirement plan, the environment, is incredibly favorable. I think what is central and again, hearing the administration now talk about retirement plans are working quite well. You look at the account values have grown tremendously the last couple of years. People are saving more. So I think it goes to your point, Mike, I think this is an incredible industry and an exciting industry for us to be in and being one of the top five writers and having this be our largest business really positions us to continue to grow in a space that is so central to financial well-being for the American worker.

Michael Ward: Great. Maybe we could pivot to Investment Management. Definitely exceeded organic growth targets in that segment. That's been certainly a bright spot for you guys. I think you- we saw you launched active ETFs. Like we said, you're engaging on the private side more. Anything else in the pipeline, we could sort of touch on those, and anything else in the pipeline?

Heather Lavallee: Maybe I'll start, and then I'll pass it over to you, Mike. I think with Investment Management, so first, two fantastic years, really thrilled with the business that has been outpacing the industry in terms of organic growth. We've had steady margin improvement, really strong earnings, terrific team we have on the field. And as you think about where we've had success and where we expect to continue to have success, first is in the insurance channel. We're serving close to 80 distinct insurance clients today. We see an opportunity to continue to broaden those relationships with those clients, so insurance channel is incredibly important as a first pillar.

Second is the continued growth in privates and alternatives. Much of that is into those insurance clients. But again, we think we're well-positioned there. Third focus is around the expansion into the U.S. intermediary market. And so that's why the launch of the active ETFs was so important. But it dovetails really nicely with the focus on the crossover between our Retirement and our Wealth Management business because as we continue to expand our wealth management business, that is a great distribution avenue for our Investment Management arm. And then finally, as we think about the continued growth in the international space, with our income and growth franchise, bottom line is we've got a lot of breadth and depth and scale across this business to be able to set us up for continued growth.

Michael Katz: Yeah, and just a couple of things. I think 2% organic growth, that's our long-term target. Nothing to change there, even though we had a fantastic 2025. I think what gives us a lot of comfort is we're not relying on one particular channel or one particular distribution outlet. It's very broad-based. Like we're doing it internationally. We're doing it domestically. We're doing it across the different investment channels. And so whether it's retail or institutional, I think that gives me a lot of comfort that it's going to continue in '26 and beyond. And to Heather's point, a lot of it is also on the partnership side. We do leverage the Retirement business to help Matt do what he wants to do in the insurance channel because sometimes we don't manufacture every solution. We understand the liability side, and so we understand how to build an asset portfolio around what's needed for other insurance companies. But sometimes we're sourcing those other assets from other manufacturers. And it will be true with the Retirement business over time, too, as we talk about alternatives, getting an opportunity to be in retirement plans more and more in the future. So that's the playbook we've had for a long period of time. I think it's working. We've had two great years under Matt's leadership, and we expect a third.

Michael Ward: So I guess pivoting or continuing on with that, is it safe to say between retail and institutional, sort of equal push, or is it kind of a pivot towards one or the other?

Michael Katz: I mean institutional has been where we've been quite successful, right? I think so when you think about retail, we've really been able to attack that in two ways. One, obviously, with the AGI partnership and internationally. And then retail, it's been just a constant steady push. And I feel like that you mentioned active ETFs, that's certainly going to help us on some of the products that we've acquired through the AGI piece, you think about incoming growth and getting more momentum in the U.S. around that particular product. So retail U.S. is one we've been more focused on as that's typically been the laggard in the past, but was not the case in 2025.

Michael Ward: Okay. And maybe just because they're here at the conference, but the Blue Owl, curious how that partnership is going so far? Anything new to report there?

Heather Lavallee: Yes. Our teams have been actively working on product launch for the first half of '26. Which is the multi-manager target date fund. We already have it embedded into adviser managed accounts. And kind of going back to the thesis of why we selected them as a partner is we have some very, very good capabilities on the private side. We thought that much of what they brought in was complementary to that. And again, when you think about this in a multi-manager vehicle, the fact that we can leverage the best of the organization to kind of build a product together that we can bring to the market in the DC space, we're excited about what lies ahead.

Michael Ward: Great. Maybe we'll just do a quick pause. Any questions in the audience before we move on? All right. And just to remind – we do have some questions. No we don't. All right. So pivoting to EB Stop Loss . I thought maybe we could refresh key messaging from the fourth quarter, and the reserve actions, right, and what drove those?

Michael Katz: Yes, happy to, Michael. First, just when we talked about on the call was that if you look at where claims are coming in with the '25 business relative to '24 business, it is modestly better. But what we talked about on the call is like we're in this kind of once-in-a-generation type health care backdrop. And the range of outcomes around Stop Loss business today is much different than what we've seen pre-COVID. We typically talk about a three point delta on our target range of 77% to 80%. That's what we're trying to price all our new business at. But right now, it's probably something double that, especially coming out of the fourth quarter.

We see a lot of claims experience coming in the first quarter, a lot come in the fourth quarter. Third quarter, typically, we're about 1/3 complete on a paid basis. Fourth quarter, we're about 2/3 complete, and we expect to be about 90% complete in the first quarter. So given the range of outcomes, given the importance of making sure that Stop Loss doesn't take us off course in 2026, we want to be on the higher end of that best estimate reserve range. So that's what we did. I think there was some confusion around where does the Jan '25 business finish versus where is it reserved at this point in time. We need to see the first quarter play out. But importantly, we feel like we've taken the right actions to put ourselves in a position again, so it doesn't take us off course.

You look at EB 2024, we had $40 million of pretax adjusted operating earnings. It was over $150 million in 2025, and we expect an improvement in 2026. And so this is just part of that road to recovery within EB, and we continue to take the right actions across the three dimensions of what is going to fix it. One is pricing. One is how we're doing our risk selection. And third is making sure that we're reserving for the products appropriately.

Michael Ward: So I spoke with a couple of Stop Loss brokers and actuarial consultants. And at least the sense is that it seems pretty clear that the underlying claim volatility, I guess, higher, more expensive claims and the frequency, right, seems like it's probably going to persist. But the beauty is it's a short-tail product. You have been obviously taking rate where necessary, managing the book. And just kind of wondering, you know, though, should we expect, because the cohort that I was speaking about sort of expect this to persist, makes sense, you can attack that with rate. And your competitors are also seeing it, right? I think that's been pretty clear, right?

Michael Katz: 100%. And in the near term, we expect the same thing. We expect enhanced volatility around this product line. It ties to just the comments on reserves I just made. And I do think, particularly at the end of '24, there were a lot of questions, folks thought this was a Voya-only issue. I think in '25, people realize what's happening in the health care backdrop and what's happening around Stop Loss. We actually got a 21% rate increase on the Jan '25 business was more difficult because we were one of the only ones going out with that kind of rate. And the persistency on the block was 2/3. We're typically in the 70% to 80% range. When you look at what we did in the Jan '26 block,

we got 24%. But because you see other companies doing the same thing, we were able to hold premiums relatively stable. We were able to hold premiums stable versus being down in Jan '25. And so I think that speaks to what you're alluding to, Mike.

And the other piece I'd say, too, is we're still seeing a ton of RFPs on this product. RFPs are up meaningfully. And when we look at the need in the market for this type of product, it's never been greater because a lot of people are focused on Stop Loss. What we're focused on is our customers and trying to help them manage through what's happening from a health care backdrop. And what they want is they want stable benefit spend. And so they're willing to spend 4%, 5% of their benefit spend on health care to get a Stop Loss product to lock in what it's going to look like them for the year. And so the value is there, the RFPs are up, and that also lets us get better on the risk selection. And so we feel like we've made progress in 2025 with the teams on making sure we're even better around risk selection, more thoughtful about things that are happening in the marketplace. We've talked about cell and gene therapy. We've talked about cancer in younger ages. Those themes are elevated. And so we're taking the tack that we want to protect the balance sheet, margin over growth. And so those are the actions we're taking. But just circling back to where we started, Mike, we think it's going to be like this for a little bit for sure.

Over time, I think manufacturers are going to figure out ways to just balance things back to the way they were and make sure profit margins get to where they should. It's not a matter of if, it's just a matter of when, but it will take a little bit of time, and that's why we talked about a two-year progress.

Heather Lavallee: Yes. And one thing I want to emphasize, I think it's really important is we effectively made progress on Stop Loss, as you said, two year, we made really good progress in '25. We're not declaring victory, but it didn't take us off course for delivering on an exceptional year in '25. And we think that we've got it ring-fenced. We think we're effectively managing it, but it's not going to take us off track with our cash generation in '26. And I do think that's incredibly important. There is more work to be done. We're seeing the market harden. We're seeing a lot of companies that are leaning in, doing the same thing. And so most important message is around the fact that we do think we've got this managed, and it's not something that's going to throw us off as we think about what we're aiming to deliver for '26.

Michael Ward: And that's sort of a segue into the next part, but I guess I just wanted to reiterate the value proposition for Voya for your customers, the employers. Stop Loss is one of several products that you offer. And at least as I understand it, when you're sitting down and speaking with the employers and working, obviously, they're under pressure. I would think that the Stop Loss product is still advantageous relative to health insurance plans. That's certainly an area of pressure. But, you know, I guess it could be an opportunity maybe I'm thinking about it correctly, but let's say, you have maybe a little bit of lower profitability than you'd like with one customer, but they're a record-keeping customer or they participate elsewhere in EB. But how does that interplay factor in for you guys?

Heather Lavallee: Yes. I think that as you think about Stop Loss, this is a product that most other benefit products, the HR head is the decision maker. This is one where it really comes down to the CFO often making a decision. So it's going to have a different focus. Of course, benefits person is still having a decision in it. But because of that and given the fact that this is the most significant spend, it does go to a few points Mike mentioned. Is that, number one, the demand for self-insured is up because many employers cannot afford the fully insured plan. So we see that continuing to grow.

There's a scarcity issue. There are fewer providers that offer this. So that scarcity gives us the ability to leverage the fact that we are in the market, we can be more, I think, disciplined and selective as we're looking at RFPs. But as we're working with brokers and employers, we are focused in on that broad bundle. So how do we leverage the scarcity fact that brokers have access to our product, employers have access to our product, to be able to grow in the other lines of

Employee Benefits or even scale it more broadly across the workplace. What we don't want to do is to sacrifice margin in that focus. So it still continues to be margin improvement over growth, but we do think there's a broader leverage with brokers.

Michael Katz: Yes. We think that's a shift, right? If you go back years ago, probably not the case as much, but we think just given all the points Heather just made heading into '26 and what's happening with the market, we think there's a shift in that regard.

Michael Ward: Okay. Great. Just a reminder, we can take any virtual questions in the last five minutes here. We do have a question from the audience here. Just one second.

Unidentified Audience Member: Other people are suffering in the Stop Loss business. I don't know as well, but you don't have the same market share you might have in other businesses, in terms of the industry sorting itself out, would you consolidate in this area to become bigger to own it? Or would you lose that business? Like how much would it hurt you to not have that business? And I guess linked to this, this increase in cost of health care, how much do you think is structural versus just a passing phase?

Heather Lavallee: I guess the first bit of the question is where we're sitting today about a $1.2 billion, $1.3 billion book. We're a scaled provider in the market, and so from our perspective, we'd frankly rather lose a little bit of that to be able to improve the margins. One of the things that Mike and I have said for years is this is a business where when running at normal loss ratios, we didn't necessarily need to capture market share to continue to grow it because you've got the leverage trend in that. So that continues to be our mindset. But we've been focused on, frankly, reducing the exposure to any bit of volatility that comes from Stop Loss and growing the revenue and earnings in, frankly, the fee-based businesses, Retirement, Wealth Management, Investment Management.

And we still think that it is to the point we've just been discussing, it's an important product for employers and for our Employee Benefits business, but really finding that right balance to it.

And then to the point about how do we see this? Is this just kind of a new normal of a trend? I think to Mike's point, and I'll let him add, is that the higher claims costs we're seeing, we probably need to expect that this is a newer normal that we're seeing more people with diagnoses. We're seeing increases in costs. I do think that the industry is going to figure it out and that we will get our arms around it from a pricing standpoint, from managing it. But, you know, the days of 5% to 6% medical trend are probably in the distant future for a period of time. But I think that we can absolutely get our arms around it and manage that. I think the industry will as well.

Michael Katz: Yes. Maybe just two builds. I think first, we have about a 4% market share in Stop Loss; we have for a long period of time. There's only a handful of companies that have that kind of scale that are offering Stop Loss to self-insured employers. That's important because this is a law of large number of gains. Like and you'll see it sometimes people try to get in the business. We get a lot of volatility there out, not just now, that's happened over decades. So you need that scale to be able to be competitive in the space.

To Heather's point, this margin over growth concept, we- there are well-running cases we're happy to have in the book, but there are cases that are poor-performing. And if we feel like we don't get the rate or we don't like the risk, we're okay not having that in the book. That's what we should do. Longer term, on the health care side, I don't think Stop Loss is going to be really the barometer for it per se. But because as I mentioned, the percentage of premium relative to benefit spend is still relatively modest. It's a really good trade for employers. So even though you see these big rate increases, it's something that CFOs are happy to spend. I think it's more a question for health care. Like can they continue to roll out at high single-digit, 10% single dollar inflation? Like over time, I think that gets difficult. That's why that's a big conversation in Washington.

Michael Ward: Great. So a minute or so left here, but capital generation, capital return. One of the things that's resonated with me is you're being vocal about consistency in capital return. So I thought we could sort of end it with the outlook there.

Heather Lavallee: You want to start?

Michael Katz: Yes, we've been touching on it, and we've talked about it, whether it's the capital return in the first half of the year. We've talked about it from the perspective of being able to do bolt-ons and still be returning capital through share repurchases and dividends. We think we're very well-positioned for this. And I think Heather and I talk about it, even though we're looking at bolt-ons, it's like there's no company we know better than Voya. And we got a return on equity close to 19%. You all know the multiples. And so it's just hard not to want to do that. And so that's what we're doing, and we'll continue to update you along the way, but that's going to be a big part of the value proposition, along with just growing cash generation. As you talked about, Mike, we feel like we're going to do that in '26, more than we had in '25, and we're going to do that through the commercial momentum, the expense efficiencies across Retirement and IM, and continuing to get the improvement in margins in EB. So the road map is there. We're just going to go out and execute on it.

Heather Lavallee: Yes. And I would just close with, I think it is such an incredible value proposition. You think about commercial generation that we're committed to and we're delivering on, as Mike mentioned, the cash generation and the higher ROE, it's hard to find a value and an opportunity like that in the marketplace. And we think that it's incredible compelling, and we're going to lean into to purchase our own shares, and we hope you will as well.

Michael Ward: Great.

Michael Katz: Thank you, everyone.

Michael Ward: Thank you, guys.