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An LSEG Business



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- **Jay Kaduson** *Voya Financial Inc - Chief Executive Officer - Workplace Solutions*
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CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Elyse Greenspan** *Wells Fargo Securities LLC - Analyst*
- **Joel Hurwitz** *Dowling & Partners - Analyst*
- **Ryan Krueger** *Keefe Bruyette & Woods Inc - Analyst*
- **Thomas Gallagher** *Evercore Inc - Analyst*
- **Suneet Kamath** *Jefferies LLC - Equity Analyst*
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PRESENTATION

Operator

Good morning. Welcome to Voya Financial's third quarter 2025 earnings conference call. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the call over to Mei Ni Chu, Head of Investor Relations. Please go ahead.

Mei Ni Chu *Voya Financial Inc - Head of Investor Relations*

Good morning, and thank you for joining us this morning for Voya Financial's third quarter 2025 earnings conference call. As a reminder, materials for today's call are available on our website at investors.voya.com. We will begin with prepared remarks by Heather Lavallee, our Chief Executive Officer; and Mike Katz, our Chief Financial Officer. Following their remarks, we will take your

questions. I am also joined on this call by the heads of our businesses, specifically Jay Kaduson, CEO of Workplace Solutions; and Matt Toms, CEO of Investment Management.

Turning to our earnings presentation materials that are available on our website. On slide 2, some of the comments during today's discussion may contain forward-looking statements and refer to certain non-GAAP financial measures within the meaning of federal securities law. GAAP reconciliations are available in our press release and financial supplement found on our Investor Relations website.

And now I will turn the call over to Heather.

Heather Lavallee Voya Financial Inc - Chief Executive Officer

Thank you, Mei Ni. Good morning, and thank you for joining us today. Let's turn to slide 4. We're pleased to report strong third quarter results that reflect meaningful progress in delivering on our investor value proposition. Our results build on the success we've seen year-to-date, with adjusted operating EPS in the quarter, up nearly 30%. This performance is a clear reflection of our focus on profitable growth across our diverse and complementary businesses.

Equally important, we generated robust free cash flow in the quarter and remain on track to exceed our \$700 million full year target. We've continued to take a balanced approach to capital deployment across the enterprise, and Mike will share more on that in a few moments. I'll also talk about how we're deploying capital in support of our enterprise strategy – our core markets, expanding into adjacencies such as Wealth Management and strengthening the connections across our businesses. While we continue to invest in our businesses, we remain committed to returning excess capital to shareholders. As planned, we resumed our share repurchases during the quarter.

Turning to page 5. Let's look at how we executed on our near-term priorities this quarter. In Retirement, we delivered strong earnings and revenue growth with full year results trending above expectations. This performance was driven by \$30 billion in year-to-date organic Defined Contribution net flows, putting us on track for our strongest DC net flow year since 2020 and further strengthening our market-leading Retirement franchise.

Investment Management continues to show strong commercial momentum. The business delivered strong earnings in the third quarter with positive net flows and continued organic growth, putting us on track to exceed our organic long-term growth target of 2%. Voya's performance remains a key differentiator with 74% of our public assets outperforming peers and benchmarks over five years and 84% over 10 years. Later this year, we'll launch our first actively managed ETFs further expanding our product lineup and building on our multi-sector fixed income expertise. This launch supports modernizing our intermediary platform with high-growth vehicles, and expanding distribution, creating new opportunities that connect Wealth Management and Investment Management.

Within Employee Benefits, we continue to execute our disciplined pricing strategy in Stop Loss with a focus on margin over growth as we head into 2026. In October, we launched our integrated claims system to support Leave Management, a key milestone as we prepare for a full rollout of our end-to-end solution on January 1. This will strengthen our bundled offering across Group and Voluntary, allowing us to deliver greater flexibility and value to our clients. Taken together, these results reflect strong execution across the enterprise and position us to carry meaningful momentum into 2026.

Turning to slide 6. I'd like to spend a moment discussing our strategic approach to growing Wealth Management, where we're making key investments that strengthen our core offerings and create value across the Voya enterprise. Today's customers are looking for support with a wide range of financial decisions and employers increasingly see financial guidance as a way to strengthen employees' financial readiness. Voya is uniquely positioned to meet those needs, building on an already solid foundation with solutions that address the growing demand for advice and planning. This is already a significant business for us with 20% year-over-year sales growth in 2025 and total client assets reaching approximately \$35 billion through the third quarter.

We believe now is the time to scale this business and accelerate growth. For example, our field and phone-based advisor network includes nearly 500 advisors, and we're on track to add more than 100 by year-end at our new Boston Wealth Management Hub. We launched WealthPath, our integrated technology platform that will enable advisors to deliver comprehensive guidance and solutions at scale. And we're investing in enhanced digital self-service capabilities which will give clients more flexibility and control. As we expand our advisor base, we will continue to partner with independent advisors to complement our in-house distribution team.

In summary, we're well positioned to serve our nearly 20 million Workplace customers, both to and through retirement, in a fast-growing market that plays to our enterprise strength. Our performance and momentum this quarter and throughout the year, reinforce our confidence in delivering on our full year targets and advancing our long-term strategy.

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

Michael Katz Voya Financial Inc - Chief Financial Officer

Thank you, Heather. We delivered another quarter of strong results, building on our successes throughout this year. We generated adjusted operating earnings of \$2.45 per share, a nearly 30% increase year-over-year. This was driven by earnings growth across all business segments and highlights the continued progress we are making on our near-term strategic priorities. Earnings growth also drove excess capital generation of over \$200 million in the quarter. Items reducing net income were primarily noncash and largely related to business exited.

Turning to Retirement. We generated \$261 million in adjusted operating earnings. This is a 24% increase year-over-year and a 20% increase on a trailing 12-month basis. Notably, we are ahead of the expected revenue and earnings contribution from OneAmerica. Margins remain above our long-term targets given continued commercial momentum, driving higher fee income, strong spread income supported by active management of our general account and prudent management of our spend.

Turning to net flows. In addition to the \$60 billion of assets acquired from OneAmerica, we have generated approximately \$30 billion of organic Defined Contribution net inflows year-to-date. Third quarter outflows primarily reflected one large Recordkeeping plan which we signaled last quarter. Full Service outflows were impacted by the anticipated lapses from OneAmerica and the effect of strong equity markets. Importantly, surrender rates were in line with our expectations and are consistent with prior year.

Looking ahead to 2026, we expect margins to return to the midpoint of our 35% to 39% target range. This is intentional as we increase our strategic investments in Wealth Management, which we expect will power long-term profitable growth. As Heather mentioned, our targeted investments in Wealth Management have supported a 20% increase in sales year-over-year. Investments next year will help further scale the business by adding talented advisors, expanding our product line and enhancing our technology capabilities.

Turning to Investment Management. We continue to deliver strong investment performance and drive robust flows across an increasingly diversified platform. We generated \$62 million in adjusted operating earnings in the quarter. This is a 13% increase year-over-year and a 15% increase on a trailing 12-month basis. Organic growth at attractive margins and disciplined expense management drove the result.

We generated nearly \$4 billion in net flows, bringing year-to-date net flows to over \$13 billion. This represents organic growth of over 4%, well above our long-term target of 2%. Our successes are broad-based with positive Retail and Institutional flows, both in the US and internationally. Within Institutional, several large insurance mandates drove positive flows in the quarter. We now serve over 80 insurance clients and manage approximately \$100 billion in assets in the Insurance channel. And our capabilities in core fixed income, multi-sector and investment-grade credit remain in high demand.

Within Retail, we generated \$300 million of positive flows resulting in year-to-date net inflows of over \$3 billion. Looking ahead, we remain laser-focused on delivering long-term value for our clients through excellent investment performance.

Turning to Employee Benefits. We generated \$47 million in adjusted operating earnings in the quarter. This was primarily driven by favorable Group Life claims and prudent management of spend. In Stop Loss, a reinsurance recoverable drove the favorable result as we maintain reserve levels across all cohorts. As a reminder, the fourth quarter will bring significant credibility to our claims experience. We expect the credibility of our January 2025 cohort to double in the fourth quarter from approximately one-third complete to two-third complete. That experience will better inform ultimate loss ratios.

In addition to our prudent approach to setting reserves, we are actively re-pricing and underwriting January 2026 business. Our strategy for that business is unchanged. We are prioritizing margin improvement over in-force premium growth. In Group Life, experience was favorable, driven by better-than-expected frequency of claims. In voluntary, paid claims experience was as expected. The loss ratio includes IBNR in anticipation of higher seasonal claims in the fourth quarter as planned. Finally, we are on plan and ready to deliver our end-to-end Leave Management capability on January 1. Looking ahead, we will continue to achieve margin improvement while delivering strong value to our customers.

Turning to slide 12. Third quarter marked another quarter of consistent cash flow generation where we generated over \$200 million of excess capital and our return on equity improved to 18%. Year-to-date capital generation is now approximately \$600 million, and we are well positioned to exceed our \$700 million goal. We returned approximately \$150 million of capital in the third quarter across share repurchases and dividends. This includes \$100 million of share repurchases, and we expect to repurchase another \$100 million in the fourth quarter.

We ended the third quarter with a healthy balance sheet and approximately \$350 million of excess capital. Notably, the fourth quarter will also include higher dividends as we raised dividends per share by over 4%. This builds on our track record of growing our dividend each year as we remain confident in the sustainability of our excess capital generation.

Turning to slide 13. Year-to-date, our approach to capital allocation has been well balanced between investments in the business, returning capital to shareholders and building up our excess capital position. Our healthy balance sheet positions us well for capital deployment in 2026, where we will continue to prioritize as follows: First, we will continue investing in our business in order to drive long-term profitable growth. Wealth Management stands out as another area where we see a clear strategic advantage to expand our capabilities. Second, we will be opportunistic with strategic M&A, such as retirement roll-ups. The bar is higher given how attractive share repurchases are at our current valuation. Finally, we are committed to measured and consistent capital return. We expect to return between \$100 million and \$150 million in quarterly dividends and share repurchases throughout 2026, subject to market conditions. Importantly, use of capital will be disciplined and evaluated relative to our weighted average cost of capital. Opportunities with longer breakeven or more execution risk will be assessed with a higher bar.

Our 2025 results established a disciplined framework for how we deploy capital. We'll carry that same approach into 2026 focused on driving long-term value for our stakeholders.

I'll now turn it back to Heather before taking your questions.

Heather Lavallee Voya Financial Inc - Chief Executive Officer

Thanks, Mike. Turning to slide 14. This quarter, we continued to make progress, delivering solid results across all of our business segments. Our near-term priorities remain consistent, driving strong profitable growth in Retirement and Investment Management, successfully integrating OneAmerica to drive higher earnings, and continuing to improve margins in Employee Benefits. Looking ahead, we have commercial momentum, financial strength and strategic focus to drive long-term profitable growth.

Thank you to the Voya team for your dedication and hard work in supporting our strategy and delivering for our customers.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Elyse Greenspan, Wells Fargo.

Elyse Greenspan Wells Fargo Securities LLC - Analyst

My first question, I was hoping just to get some color on the size of the Wealth Management investment that you're pegging for 2026?

Michael Katz Voya Financial Inc - Chief Financial Officer

Elyse, it's Mike. So as we look into next year, what we're expecting to use is up to \$75 million of our excess capital on Wealth Management. I would think roughly two-third of that from a GAAP perspective. We are making some investments in technology, so we'll be capitalizing some of those investments and those will amortize over time. Now I would expect us to be a little more back half weighted because a large part of those investments is in adding advisors who we expect overtime to drive additional revenue. And what's important about that is that it really shortens the breakeven point of these investments.

We really like the return profile of Wealth Management and not only from a return perspective, but also what it does for our customers. Finally, what I'd say, Elyse, is we do this from a position of strength. We're ahead of plan this year. We've been

disciplined with our spend, and this really gives us an opportunity to lean into an area of strategic advantage for Voya.

Heather Lavalley Voya Financial Inc - Chief Executive Officer

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

Elyse Greenspan Wells Fargo Securities LLC - Analyst

And then my second question is just on Stop Loss. Going into 2026, would you expect, just given pricing, et cetera, that cohort to get be back to target margins?

Michael Katz Voya Financial Inc - Chief Financial Officer

So Elyse, let me just step back on Stop Loss, and I'll answer your question around just how we see 2026. So first, I'll mention that the reserve levels are firming up for the 2024 cohorts. That's especially true for January 2024, which we view as very close to complete. For the January 2025 cohort, we are now beginning to leverage claims experience to help inform reserve levels. Now this is different than the first and second quarters when we were really fully relying on the pricing and the risk selection to inform that 87% pick.

With respect to what we're seeing in the claims experience, very consistent themes to last year, with respect to higher frequency related to cancer in younger ages. We continue to see that. Higher severity with cell and gene therapy drugs. We continue to see those elements as key drivers of claims. Now I would note, and this affects your question that we are actively leveraging the experience this year to inform underwriting in 2026. It's still very early in the claims cycle. I mentioned that in my remarks. Claims experience is consistent with our reserve levels. And again, the fourth quarter is really important as our credibility doubles heading into next year. And like the industry is seeing, we are continuing to see healthcare costs change at a rapid pace.

But we also give you sensitivities to current reserve levels for the January 2025 cohort. 1% change in loss ratio is approximately \$12 million. So at least as we get deeper into the year, fourth quarter, we'll have a better sense of where we think things are for January 2026 cohort. But importantly, while the healthcare backdrop is not different this year, perhaps even more challenged, what is different is the actions we have taken on pricing, the actions we've taken on risk selection and how we are reserving for this product line throughout 2025, and you should expect the same in the foreseeable future.

Operator

Joel Hurwitz, Dowling & Partners.

Joel Hurwitz Dowling & Partners - Analyst

I wanted to follow up on Stop Loss there, Mike. Any way you could quantify how much reserves are left on the 2024 block? And then in terms of the January 2025 block, any way you could actually quantify the incurred claims experience through the first nine months relative to where the January '24 block was running at the same period of time?

Michael Katz Voya Financial Inc - Chief Financial Officer

Joel, yeah. And just like I was saying, we're pretty close to complete in January 2024. Possible, obviously, the claims can be reported late in the cycle. So we'll be patient around that. With respect to just how we're seeing experience in 2025 relative to 2024, we are seeing modestly better claims experience in January 2025 versus where we were in January 2024 through October.

But I would just be incredibly clear that we really need to see the fourth quarter. We've only got about one-third of the experience coming in at this point. And while we are encouraged by that, we really want to see the next one-third of that experience come in. And frankly, we'll want to see the first quarter as well to get a sense of where this is ultimately going to land.

Joel Hurwitz Dowling & Partners - Analyst

All right. Got you. That's helpful. And then back to Wealth Management. I appreciate the color on the expected investment spend and the 2026 Retirement margin outlook. But I guess any more color you can provide on the expected revenue contributions from that business and how you're projecting that to emerge over time?

Heather Lavalley Voya Financial Inc - Chief Executive Officer

Joel, it's Heather. Let me start and then I'll toss it to Jay. We think that 2026 is going to be a bit more of a build as we're hiring the advisors and investing in technology. And I would think about the revenue emerging, growing in 2027 and beyond. Again, we're going to come back and give more specifics as we look into 2026. But let me turn it to Jay to give you a little more color about exactly what we're doing in Wealth Management.

Jay Kaduson Voya Financial Inc - Chief Executive Officer - Workplace Solutions

It's great. Joel, thanks for the question. Just as a step back, if you think about our Wealth Management business today, it's focused on the Workplace, very much aligned to our Workplace strategy, where we're serving close to 20 million customers today. But we're scaling from a strong foundation, as you heard in some of the earlier comments, we currently have 500 advisors. Most of those advisors, Joel, are focused on the strong tax-exempt business we have, but we see an additional opportunity to serve our growing large corporate customers.

The demand right now that we're seeing with financial planning advice in the Workplace is outpacing supply. So we see that our approach is very much complementary to the advice that our intermediaries are providing today. There is a gap in between the supply and the demand. And so the focus for us remains on hiring additional field and phone-based advisors. We're currently enhancing our technology capabilities, specifically to support our advisor platform.

We are working on a customer digital self-service platform and the needs to support our growing segment of customers that are looking to self-direct. And we're partnering with Matt's Investment Management business to deliver a comprehensive suite of retail products. But over the last nine months, we've recruited a really highly experienced leadership team. And right now, they're modernizing the operating environment to ensure that we're built for scale.

Heather mentioned the Wealth Management hub in Boston, we're finding a lot of count rich Wealth Management resources in that area, and we're recruiting advisors specifically given our leading position as a Workplace provider of Retirement and Employee Benefit solutions. But Heather mentioned in the opening remarks, we're already seeing 20% growth year-over-year in sales. Our retail AUM numbers at \$35 billion are up from \$31 billion last year.

But we're going to remain focused on accelerating growth in this Wealth Management business. There is tight alignment with Amy's Retirement business, Andrew's Employee Benefits business and working with Matt and Voya Investment Management, more to come on where we're seeing growth in terms of specific numbers for next year, but really happy with the development so far.

Operator

Ryan Krueger, KBW.

Ryan Krueger Keefe Bruyette & Woods Inc - Analyst

Can you give some more color on the higher corporate expenses in both the third quarter and the fourth quarter? I know you cited performance-related compensation for the fourth quarter, but I guess I was a bit surprised by the magnitude of that for the size of

your company. So just related to that, is the prior run rate corporate loss that you had talked about still a good expectation beyond this year? And is this really more of a one-time impact?

Michael Katz Voya Financial Inc - Chief Financial Officer

Ryan, it's Mike. So maybe first, I would say that we are having a strong year. You can see that in the results in the first, second and third quarters. And frankly, that is the key driver when you look at third to fourth quarter, we are expecting that incentive compensation accruals will be higher in the fourth quarter due to that strong performance. The only other piece I would call out is that in the second half of this year, you're seeing a little bit more interest expense related to P-CAPs.

And I think, Ryan, you're pretty familiar with preferred stock dividends that go up and down each quarter. So beyond that, nothing different to call out from Corporate. Obviously, next year, we'll reset targets, and we'll get back to a normal run rate on corporate and we'll see how the performance plays out.

Ryan Krueger Keefe Bruyette & Woods Inc - Analyst

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

Heather Lavalley Voya Financial Inc - Chief Executive Officer

Yeah, Ryan, it's Heather. Thanks for the question. Yeah, for inorganic, we're really targeting additional roll-up Retirement opportunities. We think that OneAmerica has turned out very, very well, highly accretive for us. And as you heard us talk about in our comments, exceeding the revenue and earnings expectations for the year.

So we are most attracted to additional Retirement rollouts that we can integrate. It also links very nicely to the Wealth Management opportunity that Jay talked about. As we continue to grow our participant base and AUM in Retirement, it creates a larger base of customers from which we can expand Wealth Management. And we are also looking for Retirement books to potentially have a General Account or more Full Service profile that also allow us to leverage the complementary nature of our business. Where if we can grow with General Account assets, it allows us to leverage mass investment management capabilities. And so just really takes advantage of the complementary nature of our businesses.

Operator

Tom Gallagher, Evercore ISI.

Thomas Gallagher Evercore Inc - Analyst

A couple of questions on the Wealth business. So for the additional spend in 2026, is the hiring there? I heard the comment about hiring advisors. Is that advisors to support your DC plans more like customer service orientation? Or are we talking about hiring advisors to capture rollovers? So is this like a servicing question? Or is it capturing of rollovers? How should we think about that? That's my first question.

Michael Katz Voya Financial Inc - Chief Financial Officer

Sure, Tom. Thanks for the question. I think the way you should think about this is both our Retirement and our Employee Benefits business, the plan sponsors and employers today, they see a gap in terms of the financial advice that their employees and participants are able to save for retirement, whether it be their financial or health-related needs. And so there's a gap right now. And we have been in active conversations with those plan sponsors and those employers.

And so you should think about this in two ways. One, we're going to bring field-based advisors to the Workplace. We're going to provide financial advice seminars. Those seminars are going to produce interest from our active participants and employees. And from there, our segmentation strategy continues. There's going to be a portion of our customer base, who doesn't have a sophisticated financial plan that's going to result in a need to talk to a face-to-face advisor. Our sales desk is going to be there to support them – credentialed licensed, team-based advisors.

We're also building a digital cell service engine. There's a segment of our customer base that wants a self-direct brokerage, move cash. So you should think about this in terms of proactively covering our customer base and reactively covering the calls that are going to be generated from our continued advancement in our product suite and our distribution breadth. Again, very complementary to the intermediary relationships that are in market today, providing that support. There's just a big gap.

More to come as we build, but you should think about this very much in heavy recruiting. We're not going out and buying teams of advisors. We're having and finding a lot of success organically recruiting advisors in the field, and we're finding a tremendous amount of success in Boston and recruiting a sales desk.

Heather Lavalley Voya Financial Inc - Chief Executive Officer

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

Thomas Gallagher Evercore Inc - Analyst

And then just a follow-up. So the shock lapses from OneAmerica, I saw the guide for Q4'25. How do you think about that heading into 2026? Are we going to see some continued spill over, maybe somewhat higher surrender activity? Or how do you see that trending?

Michael Katz Voya Financial Inc - Chief Financial Officer

Yeah, sure. Again, I appreciate the question. OneAmerica right now is delivering a higher revenue and earnings and it's contributing overall to our cash generation. The integration you think about for OneAmerica will be complete in the first half of 2026. So to answer your direct question on OneAmerica. Today, our flows reflect anticipated lapses from the OneAmerica book, as well as we're seeing strong equity markets, and that tends to lead to an increase in account values, which then leads to elevated surrenders.

Importantly, if you think about the total DC book, Full Service and overall retention really sits into high 90s for Full Service and in the 90s for the overall book. So the activity remains constructive for the remainder of the year and just getting back to OneAmerica really reflecting in line what our anticipated lapses would be through the integration.

Operator

Suneet Kamath, Jefferies.

Suneet Kamath Jefferies LLC - Equity Analyst

I wanted to start on the capital return in the \$100 million to \$150 million guide per quarter for 2026. Should we view that as sort of 2026 stand-alone and then we kind of bump up in 2027 as you don't have the Wealth Management investment anymore, and then you don't have the OneAmerica \$160 [million] (added by company after the call) payment? Or are you signaling that this is more of a run rate that we should expect going forward?

Michael Katz Voya Financial Inc - Chief Financial Officer

Suneet, it's Mike. No, we're not trying to signal that's a run rate beyond 2026. This is really how we're thinking about 2026. And it's considering a handful of things. We come out of the third quarter with \$350 million of excess capital.

As a reminder, we do have an earnout for OneAmerica and we entered the fourth quarter well positioned to handle that in the middle of next year. As Heather talked about, we have an opportunity now where we are with the integration of OneAmerica to kind of lift our heads up and say, hey, are there other roll-ups out there that meet our return thresholds? But we have flexibility. We're guiding to consistent and measured share repurchases this year. We think that's the right outcome. And when we look at 2025, we see that as a great example of when we're using excess capital in a balanced way.

It enhances shareholder returns that we see the same opportunity in 2026. We just talked about Wealth Management. You should expect us to be very disciplined in how we approach that. Investments must meet our return thresholds. And frankly, we have a higher bar based on where we're trading right now.

Heather Lavallee Voya Financial Inc - Chief Executive Officer

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

Suneet Kamath Jefferies LLC - Equity Analyst

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

Heather Lavallee Voya Financial Inc - Chief Executive Officer

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

Operator

Alex Scott, Barclays.

Alex Scott Barclays Services Corp - Equity Analyst

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

Heather Lavallee Voya Financial Inc - Chief Executive Officer

Yeah. I'll let Mike take the impact on operating margin and Jay can talk a little bit more explicitly about the investments.

Michael Katz Voya Financial Inc - Chief Financial Officer

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

Jay Kaduson Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Sure, Alex. Maybe just as a follow-up on the strategic nature of where those investments are going. We've upgraded our advisory platform, our WealthPath, which we've rolled out in October. And that's really to help our advisors from the perspective of account openings all the way through the financial planning tools that they're using. It's really helping to modernize that environment to connect to more customers and do it in a more automated basis.

Secondly, reference to digital self-service. We've got a growing portion of our customer base that wants to self-direct. And so we're going to meet that growing need, particularly with wealth transfer. There's a segment of our population, our customer base that's going to inherit a tremendous amount of wealth over the next decade, and we want to be positioned to ensure that they can direct and have a financial planning environment that works for them. So these tools are going to be helpful as we grow into that customer base as well, but very targeted.

Alex Scott Barclays Services Corp - Equity Analyst

Got it. And then maybe if I could pivot over to employee benefits. Could you talk about top line implications from just the Leave Management rollout. And maybe anything on Benefitfocus, I think just around open enrollment period, would be interested if that's going to have any influence on top line?

Jay Kaduson Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Sure. Maybe I'll start on Leave for your first question. So appreciate the question. We're on plan right now to deliver the Leave technology as well as a fit-for-purpose operating model supporting a January 2026 launch. What we're developing right now is a full-service lead product suite.

It's going to help build a moat around our other Employee Benefits business. As you think about this today, this is a critically important capability in the market, and it's leading to a ton of growth. In last quarter, Q3, over 50% of all of our RFPs that came in were requiring a Leave Management bundled solution. So we're really encouraged with the commercial momentum.

In fact, one of the key metrics that we look at is getting on the panels of our brokers, and we've been successful in getting on most of our broker panels, and it's led to sales that have already occurred for 2026. So today, if you think in terms of where we are in Leave, happy with where the build is on the technology side, our operating model is in place, and we're getting commercial momentum in terms of our sales.

Maybe on Benefitfocus, we like the strategic capability of Benefitfocus. I mean, it fits really well into the broader Employee Benefits business. Specifically, as we deliver on our capability road map, Andrew and team are driving efficiencies and are focusing on margin expansion while they do that. Two areas of growth you should think about for Benefitfocus. One is in ICHRA.

The health plan business side of our Benefitfocus is going to benefit from some of the healthcare legislative environment that's changing, particularly around ICHRA. We've got a plan to go after that market. We're set up well. And in 2026, we should be executing against that.

We also see direct synergies with our Benefits Administration business. So if you think about that tied to Wealth Management, we've got a growing customer demand for retail financial advice, and this is going to be another area of synergy for our Wealth Management business. So ICHRA and Wealth Management on the top line with efficiencies that we've been building over the

course of the last couple of years in Benefitfocus.

Operator

Wes Carmichael, Autonomous Research.

Wes Carmichael Autonomous Research - Analyst

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

Matt Toms Voya Financial Inc - Chief Executive Officer - Voya Investment Management

Yeah, Wes, this is Matt. Thanks for the question. Overarching, we like the breadth of flows we've seen across the channels and products for the year. The year-to-date flows, as Mike referenced, \$13.4 billion, roughly 4% organic growth rate. Within institutional, \$9.7 billion of that on the year, and that's driven by the Insurance business, CLOs, public and private fixed income doing well, also private equity secondaries. So we like the breadth within Institutional. Year-to-date \$3.7 [billion] (added by company after the call) in Retail. And again, Income and Growth franchise and Multi-Asset in the US. So we like the breadth.

Within the quarter specifically and more to your direct question, the \$3.9 billion number in the third quarter, very happy with another strong quarter. In Institutional, the majority of that \$3.6 billion, driven by a few large insurance wins. So it's a bit more concentrated in the quarter, but I think important to hear that within the construct of the broader year flows.

You're right. It's a good call out the higher level of activity in Institutional, you see in the supplement. We're very happy with the \$3.6 billion net. You've got more wins, and you've had some more outflows. Some of those outflows are tied to natural maturities in our CLO business, bank loan mandates as well as end of life in private funds.

And there's also some rotation in international equities out of one style into another. So you do see that higher amount of in and out. But again, the net, very happy with the \$3.6 billion in the quarter. And then looking forward, in the fourth quarter, we expect those to be more muted than the strong third quarter after some strong realizations in the third quarter.

Longer term, we see no reason to pivot away from that 2% plus longer-term organic growth rate assumption, and we like the commercial momentum we have in the business. And I view it as a testament to the strong investment performance that we've called out 74% outperformance over public strategies over five and a really strong 84% over 10. We're delivering for our clients and growth is the outcome of that.

Operator

Wilma Burdis, Raymond James.

Wilma Burdis Raymond James - Analyst

Could you quantify Voya's floating rate exposure? I know that's something that could impact earnings a little bit in 4Q'25 with the rate cuts. So if you could just help us with that?

Michael Katz Voya Financial Inc - Chief Financial Officer

It's Mike. So just when we think about floaters, a little less than \$1.5 billion of floaters. That's embedded in the overall sensitivity that we share in the investor presentation. So maybe a modest impact we would expect from the effect of the short end coming down. When we do think about our sensitivities, I would call out that the net effect for Voya is smaller to a shot down in the yield curve as we have offsets in the investment management business related to fixed income asset levels.

And I'd also say like this, sensitivities went up a little bit this year. We talked about that in Q1 with the acquisition of OneAmerica, but the team is doing a nice job of actively managing the General Account. And I think that's helped us to stabilize what is the raw effect of what's happening with rates.

Wilma Burdis Raymond James - Analyst

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

Michael Katz Voya Financial Inc - Chief Financial Officer

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

Operator

Kenneth Lee, RBC Capital Markets.

Kenneth Lee RBC Capital Markets Inc - Analyst

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

Matt Toms Voya Financial Inc - Chief Executive Officer - Voya Investment Management

Ken, yeah, it's Matt. Let me unpack that a little bit for you. So overall, the portfolio continues to be very high quality. And we continue to include a slide in the deck, it's page 27, breaking down the quality of the portfolio. Importantly, 96% of the General Account is investment grade. And private credit as 23% of that, of course, has a heavy bias towards investment grade as well, that's 94%. We provided a footnote on that page to give you some further detail there. So NAIC-1s and 2s, 94% of portfolio. Think about those as driving that 50 to 100 basis point yield advantage versus public. So over a long period of time with roughly double recoveries driven by stronger covenants should there be any credit issues.

I mean overall, I think credit markets are performing quite well. As you can see, credit markets are near all-time highs. The term private credit has gotten a lot of attention, as you referenced, but that covers a broad array. And our portfolio is heavily focused on the investment-grade lending area. And this area is, of course, not new to the insurance industry, not new to us.

And one that has generated very attractive yields with less downside risk over multiple decades. And so very different than some of the headline news you'll see around bank lending, syndicated loans or middle market lending. It's a different market segment, and we feel very well positioned with how the portfolio is performing.

Operator

John Barnidg, Piper Sandler.

John Barnidge Piper Sandler Inc - Analyst

And my first question, could you talk about the Edward Jones partnership that was mentioned earlier this year? Success so far and plans for ahead?

Heather Lavallee Voya Financial Inc - Chief Executive Officer

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

Jay Kaduson Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Great. Appreciate the question, John. If you think about that OneAmerica acquisition, as Heather said, it's not only producing strong earnings and revenue, but the distribution relationships that came along with that business, it really is a key value-creating lever for our team. And so Edward Jones is an example of that. Right now, we remain on track for the Edward Jones relationship as we head into 2026.

So specifically, we're working with Edward Jones right now on the migration of the OneAmerica book of business. Our distribution agreement was executed earlier this year, and we're finalizing key technology connections in order to support the full integration.

Our teams from a distribution perspective are actively engaging with each other on market opportunities. Edward Jones sent a press release out on the partnership a few weeks ago. And their advisors are going to be able to offer our full suite of retirement plan tools and services to their clients starting in early fiscal year 2026. So if you think about where we are, we're on plan with that. Again, one of the positives we see in these opportunities in Retirement roll-ups isn't just the earnings and revenue associated to the existing book, but it's the new distribution opportunities that we acquire as part of that relationship. And this is a great example of that.

John Barnidge Piper Sandler Inc - Analyst

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

Heather Lavallee Voya Financial Inc - Chief Executive Officer

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

Jay Kaduson Voya Financial Inc - Chief Executive Officer - Workplace Solutions

Sure. Again, thanks for the question, John. Maybe just to continue with what Heather was saying. Matt and I, we're going to be leveraging partnerships going forward as we think about our growth strategy. This Blue Owl partnership is going to be a key contributor to that growth. Specifically, our teams are trying to access private investments and innovative solutions to drive retirement outcomes.

That's going to be in the DC space. So that's the focus right now on the private investments in innovative solutions. Specifically, we're going to be in market with private credit, alternative credit and non-traded REIT CITs by the end of this year. We're going to start with our AMA business, and we're seeing a ton of interest right now from RIA firms in different pockets, specifically many of them are waiting for where the DOL rule making has happened. And if you know, John, the two areas, the two gates we've got to get through right now. One is on the DOL side, on their rulemaking. And the second is the safe harbor protections that are going to help accelerate the adoption by plan sponsors as the fiduciary. I'm going to turn it over to Matt to give a little bit more color on how his Investment Management business is partnering with Blue Owl. But right now, the partnership is on plan for end-of-year rollout.

Matt Toms Voya Financial Inc - Chief Executive Officer - Voya Investment Management

Yeah, John, thanks for the question. Just to build on that a bit, we continue within Investment Management to work on target date products built from our leading multi-asset team with long and strong track records have been driving our model portfolio growth that we've seen over recent years. And we believe our capabilities pair very nicely with Blue Owl capabilities in their broad array of complementary private strategies.

Importantly, as we build these target date products, the focus is on risk-adjusted returns for our clients as well as attractive returns, net fees. And so we build that product out in partnership with Blue Owl for the second quarter of 2026 time frame for those to come to market, still looking for some clarity on the regulatory side. We do think this is an attractive path forward. And just to expand a bit, you mentioned other private components. We're working with Blue Owl. There will be other providers within the structure as well to round out the complete need.

We're very excited about Voya and Blue Owl capabilities. We'll supplement that as needed, as we always do in multi-manager products with other partners. And beyond the DC space, we're very excited about how this ties to our insurance business where we bring our own capabilities as well as those partners like Blue Owl to our broad institutional customer base. So that's a way to think about the growth as well.

Operator

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

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