Voya Financial Inc at KBW Insurance Conference (Virtual)

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PRESENTATION

Ryan Joel Krueger, Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research

Good afternoon, everyone. I'm Ryan Krueger from KBW. And really, pleased to have Voya Financial with us again, this year. This year, virtually.

With us from the company, we have Rod Martin, Chairman and CEO; and Mike Smith, CFO.

As a reminder, at the bottom of your screens, you have the ability to submit questions that I will see, but I have quite a few myself, so I will get going.

QUESTIONS AND ANSWERS

Answer – Ryan Joel Krueger: Not surprising. The first question I have is on the Individual Life sale. So last week, you announced that Individual Life sales' resolution would be delayed from closing in the third quarter to closing in the fourth quarter. Can you provide some additional color on the reasons for that?

Answer – Rodney Owen Martin: Sure, Ryan. I'll start but quickly throw it to Mike.

We communicated last week, again, that we are close and confident -- let me start off by reinforcing a couple of themes. One is that we are operationally ready in all aspects. We've made really significant progress on the regulatory front. And to really underscore that, particularly against the backdrop of COVID. Mike and I have commented, as we've been asked questions through the journey of this process, how pleased we've been and impressed we've been, and just underscore that with the regulators operating in a COVID environment. And we are largely complete, but not fully complete.

Mike has been leading this. He's done a really terrific job with his team. We've got a really talented group of men and women that are becoming resolution USA employees, just like we did with Venerable and the Apollo, Athene transactions.

And I'll let Mike speak to the specifics of where we are and what we see unfolding in the fourth quarter.

Mike?

Answer – Michael Scott Smith: Yes. Look, the delay came down basically to just a couple of regulators asking for some more time to complete their process, right?

So the way to think about this is these -- there are no substantive objections or significant concerns that we're aware of. There's process to be gone through. It's an important process. I don't mean to minimize it, in any way. But nonetheless, they're going to need some more time despite what, as Rod said, I think, have been really heroic efforts to keep this moving despite the challenges that are inherent in trying to operate in this new environment, especially when you're not used to it. And in some cases, not super well equipped.

So we continue to work really well with the regulators. The resolution team is also working well.

As Rod said, we're ready. So I think once we get the green light from the regulatory process, we have -- most of the regulators have given us approval. So once we get those final couple, we'll be ready to go. Hit the button and off will be.

Answer – Ryan Joel Krueger: Great. And related to that, you suspended the share repurchase following the first quarter of the year, but have talked about a path towards completing $1 billion or more of buybacks still for the full year. Is that still the case with the life sale delay? And would you consider restarting the buyback before the life sale closes?

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Answer – Rodney Owen Martin: Mike?

Answer – Michael Scott Smith: So we've paused the share repurchase program, and we chose that word very deliberately.

So the way to think about this is there are many factors we're watching as we're thinking about when we'll go back into the market. We have -- at the end of the second quarter, we have $650 million of excess capital. So we feel good about our capital position, and obviously, we'll have significant deployable capital coming from the transaction.

And then that's the basis for the -- ultimately, the $1 billion-plus that we expected for 2020. We're already at $400 million. So we have a little over -- we have a little less than $600 million to go to get to a flat $1 billion.

So look, I think as we evaluate what's happening in the macro environment as it relates to the credit markets, rating agency actions, what we see in our portfolio as a potential for future credit migration, which to date has actually been pretty mild relative to some of our early peers. So I think we've been fairly pleased with how that's emerged as well as how the pandemic goes from here and how that's going to translate into the economy. As well as our view on the life transaction, but we shouldn't be thinking of the life transaction as a gating factor for share repurchase.

There is certainly an opportunity potentially for us to consider, with all those other factors in mind, consider share repurchases before the life transaction closes.

So we believe there is still a path to $1 billion or $1 billion-plus for 2020.

If the transaction were to be delayed beyond the fourth quarter, for example, or towards the end, that puts -- that could push out the timing of that a little bit. And that -- but that's a possibility, and I don't think that's likely to happen, but certainly, should recognize that that's something that's out there.

But we're pretty confident that the deal will close, and we feel good about the $1 billion-plus in 2020.

Answer – Ryan Joel Krueger: And then, I guess, somewhat related, but not just specific to 2020, when you had originally announced the life sale, you had talked about using $600 million to $800 million of the proceeds for debt retirement. What's your latest thinking now on the key priorities for uses of the $1.5 billion of capital that this will create?

And then, do you want to maintain a larger-than-normal excess capital cushion in this type of environment?

Answer – Michael Scott Smith: So the $600 million to $800 million, in terms of debt repurchase, remains the current guidance. I think we've been signaling, given where credit spreads have gone and interest rates have gone, that we would be -- expected to be toward the lower end of that range in terms of debt repurchase.

In terms of priorities broadly and whether we're going to maintain a higher level of excess capital, nothing's really changed in our philosophy.

So I'm not going to suggest that there is a plan to keep above 400% RBC. That has always been -- we've always tried to manage our excess capital down to the target level.

It does -- there's some timing issues that cause the excess to build up, especially when things are going well. And so by the time we are able to extract the capital from the entities and put it to work, more is built up.

And so if the conditions continue to be favorable, you can continue to see that, but that's not a deliberate effort on our part to hold a buffer. 400% is the target, and we intend to continue to stick with that.

In terms of other uses, I think the -- of uses, repurchases and/or things that are better than repurchase economically for shareholders are the things we're focused on.

Answer – Ryan Joel Krueger: So shifting to business mix. You have made some very significant changes in recent years from the divestment of the annuity and Individual Life business. Are you content now with the current portfolio that you have?

And are there any additional capabilities that you would like to add to the portfolio going forward?

Answer – Rodney Owen Martin: Ryan, we are really pleased with the decisions that we both announced and made and are implementing in terms of the -- really exiting the retail business in our case. So we're fundamentally, as you have acknowledged a workplace and financial institution-focused company built around retirement, asset management and employee benefits, including the voluntary benefit suite. And we are very bullish about the market opportunity there and our position in it as we go forward.

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Certainly, we're going to continue to be focused on making appropriate investments in the business in digital. COVID has been a really good example of that, where we -- the investments we've made have paid large dividends, and we'll continue to want to make sure that we're being very responsive in that way in AI and certainly, just supporting self-service as we go forward.

But we're really pleased with the kind of the front 2 piece, as you well are aware. We inherited what we inherited from ING Group. With the closure of the life business, this is the last real fundamental piece in the transformation from what we inherited to what we've chosen.

And as Mike pointed out, we're very much a capital-light company. We've got an 85% to 95% post the life sale free cash flow conversion rate. And so it's going to be in the higher end of that, absent the life business.

And really our decisions, we're spending as much time right now on -- we're finishing the second year of our third year plan on the ideation around what our next 3-year plan will be and the market focus of that and more to come there, but we -- Mike and -- Mike Smith, Mike Katz are leading that with our business leaders. We -- our Board is very actively engaged, as am I, in this process. So we'll be very anxious to reveal that, but it's going to be very much an extension of our capital-light focus.

And we're broadly pleased with the businesses that we've got and the opportunities that are in front of us.

Answer – Ryan Joel Krueger: So consolidation within the defined contribution retirement space has been increasing, and we had another deal just yesterday with Great-West and Empower buying MassMutual's retirement business. How is Voya approaching this in terms of M&A in this business versus organic growth and also potential market share gains as some of the consolidation has occurred?

Answer – Rodney Owen Martin: Great question. And I'll begin, but again, Mike and I will toggle.

Look, we've been -- we are one of the market leaders in the retirement space. You hear Charlie and I and Mike talk about market of markets. So we're in the small and medium-sized 401(k) business. The large and mega-size, K-12 and higher ed. And we're -- depending on which particular market, we're somewhere between fourth and seventh in the league tables.

There is consolidation happening. You saw that with Principal and the Wells transaction. We're now seeing that with Great-West and MassMutual transaction.

And we think -- but you'll see that emerging in 2 ways. And one way that it's been emerging, and we've been a beneficiary, has been simply the marketplace making decisions about where they're placing their business, absent someone buying a company or a platform. And that's been part of our growth as we've gone forward. And Mike and I have talked about, would we be open to adding a block of retirement business to our portfolio? We would.

The math for us would have to make sense. And I'm not judging the math for anybody else that does or does not make sense. As you know, these are complex transactions. Both examples with Wells and with the MassMutual piece that you really need to look 2 or 3 years from now and look back at what were the assumptions that were made and how did the execution and implementation and integration of that play out. And are you happy or sad with the outcome.

I think if you look at from a pure valuation standpoint, Ryan, and you apply that to the sum of the parts of Voya, either the Wells and/or this most recent transaction, I would argue that Voya is undervalued at this point in time.

But Mike, I'll throw it to you to add any further color.

Answer – Michael Scott Smith: No. Look, I think I'd just say, nothing has changed from the guidance we've given on our thoughts around M&A since our Investor Day, which was a compelling strategic fit and that it's accretive, relative to other uses of capital.

And so that's been the discipline that we've applied throughout. We'll continue to apply that discipline. I think we've talked about retirement. You mentioned the Empower, MassMutual deal. But we've also talked about capabilities and investment management that would broaden our international distribution footprint, or potentially adjacent capabilities that fit well with our specialty and credit capabilities. So those are the kinds of things we're looking at.

Retirement scale matters, but we have scale, an we've invested in the platform to really drive scale. And we've talked about -- those of you who followed our stock for a while, we had a $350 million investment program that was, in large part, aimed at improving our overall platforms and digital presence.

And so that's not a race that's ever won. It's always -- it's definitely more of a marathon, but it's certainly something that we feel like we have a very strong position and working to maintain.

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So -- and that translates into unit cost capabilities that don't necessarily have to require you to do a deal to achieve those.

Answer – Ryan Joel Krueger: I've got a question related to this, I received from the audience was, do you tend to see more or a difference in new business opportunities following consolidation? I guess, is there -- does there tend to be much of a difference between larger case business versus smaller to mid-case business following consolidation?

Answer – Rodney Owen Martin: Ryan, I'll begin, and I'll use Voya as an example, when we went public. When a market event happens, the consultant community uses that event as a way to create a market. And in the Wells, Principal case, good example. And I'm confident Principal, fine company, is going to retain a healthy amount of that business. But certainly, some amount of that business has been shopped in the marketplace, and we've been one of the beneficiaries.

There's no doubt in my mind the same thing will happen here. It's just a natural course and an outcome of this.

Answer – Ryan Joel Krueger: So shifting to expenses. So you recently achieved your latest $250 million cost save target and have also talked about being committed to eliminating the stranded costs over time from the Individual Life sale. What type of actions are you taking to drive these efficiencies?

And where do you see additional opportunities going forward?

Answer – Rodney Owen Martin: Again, Ryan, I'll begin. It's another thing Mike is intimately involved with and helping lead.

First of all, we announced on the most recent call that we had accomplished the $250 million -- or we had exceeded $250 million in the prior program, and we did that 4 months earlier than we thought we would by the end of 2020. And I would -- I'd point to that only in that we've really built a muscle and a discipline to do that. And we've got the same team reporting to, right now, the ideation on the cost savings associated with the life transaction.

And there are both large and small things. And I'll give you an example of -- the number is not small, but a really interesting example that just came to our attention a little a few weeks ago.

Part of what we've been doing for some period of time is our continuous improvement program, and that's really encouraging people to both identify and act on things that makes sense to them and, in this case, this is a cost saving example. This example happened to be, we had a number of 800 numbers and this person identified, we didn't need this one. And by the way, the cost of this was $20,000 a month or $250,000 a year. And they acted and they unplugged it. And other than it happened to be a number that Mike and I used to occasionally, and that's kind of how I stumbled on the bloody thing. But it was -- what they did was entirely appropriate and needed a little better communication on that. But short of that -- and so these are $10,000 items and $200,000 items and sometimes much bigger items.

But we -- by the time we close this, and we're really close to it now, the ideation is broadly done. We will be in implementation mode, not beginning to think about how do we do this. And some of this is, as Mike has talked about previously, we had 15 different administration systems associated with the life business. We have 5 different legal entities. A whole bunch of things are going to simplify in our life. And all of that, I've got a high level of confidence by the period of time that we will identify that, that needs to be done, which will broadly be similar to what we did before, we will have met or exceeded that number and thus -- and then some.

But Mike, feel free to...

Answer – Michael Scott Smith: Look, I just want to reemphasize. This is a playbook that we have. The steps that we've taken, and we learned from what we did on the Annuity transaction, and there are some things that we're going to do differently.

But we're already well into it, as Rod said, the ideation phase. I think we're seeing really encouraging signs that the stranded cost targets that we're going to be setting are achievable over a similar time frame to that, which we took the annuity costs out.

So -- and it's large and small. It comes from -- there are some that will come from the very top of the organization. And as Rod said, there's some that come from pretty much frontline people and everything in between.

And it's -- I think it's really become, to some extent, part of the culture here is that people are able and willing to throw ideas on the table, and some of them get executed.

And then we have a strong discipline and this is where I think things can fall off. Having seen other cost savings initiatives over the years is really having the discipline to follow through step by step by step to be sure that you're on

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track and to validate that, in fact, you have realized those savings. And that's been, I think, a real key part of our execution success here.

Answer – Ryan Joel Krueger: Technology has definitely been an increasing focus for all companies in the financial services industry.

How do you feel about Voya's technological capabilities at this point?

And where do you also feel like you need to improve?

Answer – Rodney Owen Martin: Ryan, this is -- falls in the category of something Mike used earlier, done -- well thought, number one. I mean, it is a constant battle to make the judgments of where you need to invest, how much you need to invest. Somebody comes ahead with a tool or a program or we do and then and they catch up. And so this is just -- it's a constant piece.

I feel good about where we are. I think it's been really tested for us and for other companies through COVID.

That said, we can't be passive about this. And we're going to continue to need to invest in the business. And part of what Mike Smith, Mike Katz and I have communicated is we're trying to have that revealed in the P&Ls of the business so people fully understand, and it's very transparent what we are investing and what the impact of that is in the businesses.

I do think, and I suspect we'll come to this in one of your questions here, but if I can just jump to COVID for a moment. The COVID has caused all companies to really test their business resilient plans, and we were no different. You put a lot of energy into those things, you test them, but it's one thing to test them in a theoretical environment or a test environment. It's another thing to send 6,000 people home on a Friday and hope like hell, everything comes online on Monday morning. And fortunately for Voya and many other companies, it did.

And I think one of the things we're learning is life has changed. And I think its -- life has permanently changed. And part of what we're trying to do more than 20% of our workforce, pre-COVID, was virtual, something we call Virtually Orange. And I suspect that percentage is going to go up appreciably in terms of what some of our employees may choose to do. I think some may choose a hybrid model where they come back to work, meaning work in the office for a day a week or a day every other week or 2 days every other week or some example like that. And some can't wait to get back just because that's part of the oxygen they need and they want the interaction, and we're going to try to accommodate that.

What Mike and I are really leading into is, I think this is a moment to really redefine the nimbleness of a company and the ability to the extent we can accommodate this of our 6,000 employees on which model do they want to operate in. And frankly, it's opened our eyes to our primary locations, as you know, are Windsor, Minneapolis, Atlanta and Phoenix, and we've got some other smaller locations, but there's a whole lot of talent that may not choose to want to live in any one of those places. And I think our ability to operate in the way we've been operating for the last 4, 5 months is really opening our eyes to being able to attract talent to fuel the growth that we're anticipating as we move forward.

So we're fundamentally a B2B company. We're not in the retail business anymore. And we've found the way and have continued to grow and have recurring deposit growth and net flow growth in an outsized way during this period of time, which we're pretty proud of, and I'm bullish about what the opportunities are going to present ourselves.

So we're going to reveal some of this as the year unfolds and as our thinking evolves. But I think you'll hear much more about this in '21 and beyond in terms of how Voya is thinking about changing its operating model perspective.

Answer – Michael Scott Smith: Yes. And in terms of our customer-facing technology, Ryan, I'd just kind of point to a couple of proofs in the pudding kind of points.

I mean, we've had positive net flows into the retirement business and the small to mid-corporate space for something like 26 or 27 quarters in a row, right?

I mean, you don't win business, you don't gain share without having a very solid technology capability in that space.

We're also winning very large recordkeeping clients. I mean, we're bringing on, we believe, a net 350,000 new participants into the recordkeeping space, which is over 10% of the current record-keeping business. So that is also intensely competitive from a technology standpoint.

And then finally, the growth we've seen in Voluntary over the last 4 or 5 years, growing at 20% plus, consistently, has been driven by a technology capability that we've built to be flexible to work with a wide variety of benefits administrative -- benefits administrative platforms as well as with the employers directly to be flexible in how we ingest the data and turn it into a solid offering for the plan and for their participants.

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So those are all areas that I think we've demonstrated a strong capability. But as Rod said, it will never be done, and we'll continue to invest in it. But we feel like we're in a good position right now.

Answer – Ryan Joel Krueger: This is a fairly broad question, but can you discuss how COVID is affecting the near-term growth outlook for each of your 3 key businesses?

Answer – Rodney Owen Martin: We -- I'm happy to start. And again, we'll jump back and forth.

We've talked about, and compared and used, for example, Ryan, RFP activity. So the request for proposal activity in '20 is down from our record-high of '19 and more at '18 levels. And the point I'd make about that is '18 was one of our very best years.

So the RFP activity is down, our recurring deposits and -- in both our retirement business and our -- are up, and so we've been very fortunate. But it -- to say that we haven't been impacted by COVID would be a misstatement. And we don't -- Mike and I, in no way, intend to try to communicate that.

So we've had -- first of all, we had to learn how to be adaptable and learn some of the best practices of how to do virtual meetings in terms of openings, case development, business maintenance and persistency maintenance, which went -- by the way, the persistency has improved in this period of time, and then closing. And we are figuring that out as we've gone through this. But we feel really quite good.

The last 4 months of the year, in our business, we're in the B2B kind of business, generally are some of our best months from a momentum that carries over into the year, and we're optimistic about that. But this is a -- stay tuned, and we'll see how it plays out. But right now, we feel very, very bullish about what we're seeing, relative to the marketplace. And remember, the marketplace is -- there's a lot of questions in the marketplace.

Mike?

Answer – Michael Scott Smith: And maybe just to put a little dimension around what we expect in retirement, and then I can talk about Investment Management and employee benefits.

Just the recurring deposit growth that we had signaled for retirement, we were targeting 10% to 12% per year growth in recurring deposits. We're now seeing -- and this is still an early estimate, but we have signs that suggest that the recurring deposits in the second half of this year will be about the same as they were in the second half of 2019, and that's going to be a combination of plan, like -- slightly reduced plan growth, fewer participants and so on. So that will lead us to an overall growth in recurring deposits in 2020 of 3% to 6%. Still growth. The business is still growing, but not quite as robustly. And so I would view that as an easy way to try and gauge the impact of COVID on retirement.

In Investment Management, we had a knockout first and second quarter from an institutional standpoint. We won a huge mandate with an insurance company where we've had a lot of success over the last several years.

We do expect things to slow down a bit. What we're seeing is that RFP activity, just by virtue of the environment we're operating in, is slowing down somewhat, particularly if you don't have an existing relationship, where we see the folks that are looking to invest are somewhat less engaged in trying to find new relationships. They're pretty happy. If they have decent performance, it's probably a little bit less likely that they're going to go out and seek a new opportunity.

So -- but we do think we have capabilities that play well in this space. We've got a really strong track record in fixed income and credit. We've got demonstrable capabilities to exceed benchmarks. Almost -- I think, it's -- 98% of our funds exceeded the benchmark for the last 5 and 10 years. So we think that's really strong.

And then on the benefit side, look, I think we've held our own. Premiums have grown 5% year-over-year, which is actually pretty good, given everything that's happened these -- over the last few months.

And I think the COVID claims have been far less significant and concerning than we might have originally thought.

And so overall, we think employee benefits has held up really well. And particularly, I think that's because the -- our business is not the smaller -- in employee benefits, we are aimed at 1,000 employees and up by basically. We have some under that, but our primary focus is on larger employers, and they've been less subject to the effects of COVID in the small market.

Answer – Ryan Joel Krueger: You had -- following the announcement of the Individual Life transaction, you had provided 4Q 2021 EPS guidance, but you had pulled that due to COVID, given the uncertainty in the environment. When would you contemplate bringing back some form of forward-looking guidance?

Answer – Michael Scott Smith: It's a good question. I don't have a great answer. The answer is, when the environment becomes less uncertain.

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Look, I think, so far, things -- from a credit standpoint, we had dimensioned potential capital erosion from credit migration and defaults to be somewhere in the -- on a gross basis, $300 million to $600 million. We're certainly tracking more toward the low end of that, and we found management actions to help offset it. So the overall capital impact has been relatively benign to date, and we're pretty pleased with that.

But there still remains significant uncertainty, right? I think the markets -- equity markets have recovered, and it's great to look at where we were a few days ago. And then suddenly, you see what happened just over the last week, right? I think there's still a lot of choppiness to go. I think the progress of the pandemic and the progress of vaccines and treatments is still a significant unknown, and how that's going to translate into the economy as well as what the response of government is going to be to the extent there is a significant reemergence of the virus in the fall as some are predicting. There have been some fairly dire forecasts of potential deaths by the end of the year that have recently come out, and I think those should give us pause.

So all of those things kind of go into the level of uncertainty around the inputs that we use to drive those projections, right? And we're particularly focused on future equity growth, future interest rates, future commercial growth, all of those go into -- come into play.

So we, certainly, we do the modeling. We have our own view of where things are going, given those assumptions. But I just think the level of uncertainty around some of those assumptions is enough that it probably isn't wise or necessarily beneficial for us to be sharing that publicly and saying that's where we think we're going to go because there's just too much that we -- it's a far greater-than-normal level of uncertainty. There's always uncertainty, but it's just as much as it's been in the last -- since the financial crisis, I'd say.

Answer – Rodney Owen Martin: And Ryan, I don't think that's materially different than most other firms.

Look, we've got a firm hand on the wheel. We are focused on controlling what we can control, and that has generally served us very well as we've gone through periods of time where there's been uncertainty. None of us have been through this kind of uncertainty. But many of us have been through others. And we will get through this.

And we're very confident about managing what we, Voya can control, and that's both on the activity perspective, the new business and maintenance of business and relationship perspective as well as the expense side.

Answer – Ryan Joel Krueger: So Rod, last year, you extended your employment contract through the end of 2021. And certainly, no one wants you to retire. But was hoping you could discuss how you are thinking about succession planning for Voya at this point?

Answer – Rodney Owen Martin: Sure, Ryan. And thank you for the comment.

We are very focused on that. Look, I am really, really proud of where we are. Succession is a main event in our company just given where I am in the journey. I've committed to stay through '21. There's an option on '22, as you're well aware. I -- we are working really hard, and I don't think COVID changes a lot of this, other than it just makes life complicated, but it doesn't. It's not complicated because of COVID. It's just another level of complexity that we are going to very thoughtfully signal succession.

We've got some fantastic candidates. Mike is a really good example, but there are others in the company.

And what I've committed to the Board, what I've committed to our shareholders is that we're going to do this in a thoughtful way and stay tuned.

So there's no real new news here. Right now, it's through '21. The Board has the option, and it's no different than before, by the way. It's all the same words.

I mean, if I'm asked to stay, I will stay, but will be staying to just -- I assure as we introduce the next 3-year plan, which Mike and I are as engaged in on that as we've been on any of the other 3 versions that we've done, the 2 prior and the one we're executing on right now, so that we've got both the right message, the right commitment and the right energy and the right capital behind the plan.

Answer – Ryan Joel Krueger: There -- we talked about consolidation and define contribution space, and there have been a number of individual business unit transactions within the life insurance industry, but there have been very limited whole company consolidation within the industry over the last decade, following the financial crisis.

What's your perspective on what the key impediments to that has been for the industry?

And do you expect consolidation to return at some point on a whole company basis?

Answer – Rodney Owen Martin: I think it could. And again, look, it has -- there's 2 sides to that trade. It's -- I'll use Voya as an example, and as whoever the other company is. So if we were acquiring a company, what are their

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businesses? And are there parts of their business that you're interested in or not interested in? And -- or frankly, the reverse of that.

I mean, we believe we've -- in Voya, we've exited the things that were either highly capital-intensive or we're simply not committed to, given our strategy. So there needs to be an alignment of strategy. Obviously, the economics need to make sense from an accretion perspective for shareholders over a reasonable period of time. But I think there well could be.

And I think this environment is going to -- and some of what Voya has done and some of what other companies are doing in terms of coming to grips with, is it -- are you committed to that business or not? And if you're not, how does one exit that? And what's the market? And what's the period of time that takes? I mean, these things are -- they're not easy to -- both even the ideation part, let alone the execution part. But happily, we're behind all of that with the closure of the life business here in the fourth quarter.

And so could it be done? I think it could be done. And I think, I suspect, particularly with COVID and some of the market issues, it likely will be over a period of time.

Answer – Michael Scott Smith: Yes. Ryan, I think the only thing I'd add is just, look, the interest rate environment has been probably less than conducive to convincing buyers that -- and/or sellers, that we can get to a price that makes sense for the longer-term value.

And so I think a more constructive longer-term interest rate picture would certainly help push that along, especially for those that have -- that still have a lot of longer-term interest rate guarantees on their balance sheet or interest rate-dependent products. I think those are the things that are probably limiting some of the transactions.

Now we were able to find a way with some pretty long-dated guarantees, right? So that can be done, but I think it's definitely an impediment.

Answer – Ryan Joel Krueger: My final question was on ESG, which has been a big priority for Voya.

Can you touch on some of the key things that the company has been focused on in that regard?

Answer – Rodney Owen Martin: Sure, Ryan. And I'm happy to start. And again, Mike will jump in.

Look, this was partly because of my and Mike's international exposure, prior to even being at Voya. This was far more prevalent, relevant and current in other parts of the world before it became as centric as it's becoming here in the U.S. And we could see this coming. We needed to develop a point of view of this for Voya. And this isn't simply about conveniently checking a box. I mean, we really needed to decide what our posture and position was going to be, what did we need to change to, in fact, change that, and then how does that filter through all of our businesses.

And as you know, we've been at this for some number of years now. And one of the things I'm particularly proud of from a firm perspective is 3 years ago, Barron's started rating and ranking the top 100 firms in the U.S. Three years ago, we were 46 out of the top 100. Last year, 6. This year, third. And for the last 2 years the highest-ranked financial services company.

This is becoming increasingly important to investors, increasingly important to consultants and most importantly, increasingly important to customers. And you need to walk the walk. You can't simply just say the words and assume that, but we are doing this.

I put it in the category of another way to compete where it isn't simply about, how do I lower my cost per participant by $0.50 or $1? It's -- can -- are you living this? Do the results bear out the differentiation, which, in our view, they do and will over time. And all of that's happened now.

It's -- we're still in early stages. I think there's a lot more we can and are doing it, are doing with this.

And Mike, I'll -- feel free to add some other dimension.

Answer – Michael Scott Smith: Just maybe a quick bit of color is simply, look, I think we inherited a lot of great things from ING, including a great team and the making of some really good businesses. But we also inherited fantastic governance processes, I think, a strong commitment to the environment and a strong commitment to community involvement with volunteer time and a very active employee, say, with significant participation in all of that. So that all goes to the culture, and I think it then flows through into a lot of the business activities that we follow.

So really proud of the culture we've built and looking forward to continuing to take it to even the next level.

Answer – Ryan Joel Krueger: Great. Well, we are out of time, so we will wrap it up there.

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Thank you very much again, to both Rod and Mike and Voya for your attendance again, this year. And that, I think, wraps up the virtual fireside chats for today.

Answer – Rodney Owen Martin: Thank you, Ryan.

Answer – Ryan Joel Krueger: Thanks, again.

Answer – Michael Scott Smith: Thanks, Ryan.

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