AMERIPRISE FINANCIAL INC
Form 10-Q
May 01, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2013

OR

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

For the Transition Period from to

Commission File No. 1-32525

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3180631**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1099 Ameriprise Financial Center, Minneapolis, Minnesota	**55474**
(Address of principal executive offices)	(Zip Code)

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

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

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

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

Class	**Outstanding at April 19, 2013**
Common Stock (par value $.01 per share)	201,529,269 shares

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AMERIPRISE FINANCIAL, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions, except per share amounts)

	Three Months Ended March 31, 2013	2012
Revenues		
Management and financial advice fees	$ 1,244	$ 1,132
Distribution fees	434	402
Net investment income	489	531
Premiums	310	301
Other revenues	222	206
Total revenues	2,699	2,572
Banking and deposit interest expense	8	11
Total net revenues	2,691	2,561
Expenses		
Distribution expenses	726	666
Interest credited to fixed accounts	198	206
Benefits, claims, losses and settlement expenses	409	505
Amortization of deferred acquisition costs	75	31
Interest and debt expense	66	69
General and administrative expense	730	762
Total expenses	2,204	2,239
Income from continuing operations before income tax provision	487	322
Income tax provision	121	73
Income from continuing operations	366	249
Loss from discontinued operations, net of tax	(1)	(1)
Net income	365	248
Less: Net income attributable to noncontrolling interests	30	4
Net income attributable to Ameriprise Financial	$ 335	$ 244
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders		
Basic		
Income from continuing operations	$ 1.61	$ 1.08
Loss from discontinued operations		(0.01)
Net income	$ 1.61	$ 1.07
Diluted		
Income from continuing operations	$ 1.58	$ 1.06
Loss from discontinued operations		(0.01)
Net income	$ 1.58	$ 1.05

Cash dividends declared per common share	$	0.45	$	
Supplemental Disclosures:				
Total other-than-temporary impairment losses on securities	$	(1)	$	(5)
Portion of loss recognized in other comprehensive income (before taxes)		(2)		(1)
Net impairment losses recognized in net investment income	$	(3)	$	(6)

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in millions)

	Three Months Ended March 31, 2013	2012
Net income	$ 365	$ 248
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(73)	31
Net unrealized gains (losses) on securities:		
Net unrealized securities gains (losses) arising during the period	(141)	81
Reclassification of net securities (gains) losses included in net income	(1)	1
Impact on deferred acquisition costs, deferred sales inducement costs, benefit reserves and reinsurance recoverables	64	(3)
Total net unrealized gains (losses) on securities	(78)	79
Net unrealized gains on derivatives:		
Net unrealized derivative gains arising during the period		10
Reclassification of net derivative gains included in net income		(1)
Total net unrealized gains on derivatives		9
Total other comprehensive income (loss), net of tax	(151)	119
Total comprehensive income	214	367
Less: Comprehensive income (loss) attributable to noncontrolling interests	(11)	23
Comprehensive income attributable to Ameriprise Financial	$ 225	$ 344

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Cash and cash equivalents	$ 2,160	$ 2,371
Cash of consolidated investment entities	881	579
Investments	36,446	36,877
Investments of consolidated investment entities, at fair value	4,358	4,370
Separate account assets	75,499	72,397
Receivables	4,256	4,220
Receivables of consolidated investment entities (includes $111 and $77, respectively, at fair value)	127	95
Deferred acquisition costs	2,435	2,399
Restricted and segregated cash and investments	2,262	2,538
Other assets	7,684	7,667
Other assets of consolidated investment entities, at fair value	1,188	1,216
Total assets	$ 137,296	$ 134,729
Liabilities and Equity		
Liabilities:		
Future policy benefits and claims	$ 30,545	$ 31,217
Separate account liabilities	75,499	72,397
Customer deposits	6,494	6,526
Short-term borrowings	500	501
Long-term debt	2,389	2,403
Debt of consolidated investment entities (includes $4,595 and $4,450, respectively, at fair value)	5,148	4,981
Accounts payable and accrued expenses	1,023	1,228
Accounts payable and accrued expenses of consolidated investment entities	30	96
Other liabilities	5,715	5,467
Other liabilities of consolidated investment entities (includes $301 and $166, respectively, at fair value)	336	201
Total liabilities	127,679	125,017
Equity:		
Ameriprise Financial, Inc.:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 312,835,625 and 309,399,529, respectively)	3	3
Additional paid-in capital	6,592	6,503
Retained earnings	6,617	6,381
Appropriated retained earnings of consolidated investment entities	361	336
Treasury shares, at cost (110,369,527 and 105,456,535 shares, respectively)	(5,697)	(5,325)
Accumulated other comprehensive income, net of tax	1,084	1,194
Total Ameriprise Financial, Inc. shareholders equity	8,960	9,092
Noncontrolling interests	657	620
Total equity	9,617	9,712
Total liabilities and equity	$ 137,296	$ 134,729

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

(in millions, except share data)

	Ameriprise Financial, Inc.									
	Number of Outstanding Shares	**Common Shares**	**Additional Paid-In Capital**	**Retained Earnings**	**Appropriated Retained Earnings of Consolidated Investment Entities**	**Treasury Shares**	**Accumulated Other Comprehensive Income**	**Total Ameriprise Financial, Inc. Shareholders Equity**	**Non-controlling Interests**	**Total**
Balances at January 1, 2012	221,942,983	$ 3	$ 6,237	$ 5,603	$ 428	$ (4,034)	$ 751	$ 8,988	$ 706	$ 9,694
Comprehensive income:										
Net income				244				244	4	248
Other comprehensive income, net of tax							100	100	19	119
Total comprehensive income								344	23	367
Net income reclassified to appropriated retained earnings					12			12	(12)	
Dividends to shareholders				(2)				(2)		(2)
Noncontrolling interests investments in subsidiaries									4	4
Distributions to noncontrolling interests									(88)	(88)
Repurchase of common shares	(5,724,684)					(316)		(316)		(316)
Share-based compensation plans	3,388,685					89		89	1	90
Balances at March 31, 2012	219,606,984	$ 3	$ 6,237	$ 5,845	$ 440	$ (4,261)	$ 851	$ 9,115	$ 634	$ 9,749
Balances at January 1, 2013	203,942,994	$ 3	$ 6,503	$ 6,381	$ 336	$ (5,325)	$ 1,194	$ 9,092	$ 620	$ 9,712
Comprehensive income (loss):										
Net income				335				335	30	365
Other comprehensive loss, net of tax							(110)	(110)	(41)	(151)
Total comprehensive income (loss)								225	(11)	214
Net income reclassified to appropriated retained earnings					25			25	(25)	
Dividends to shareholders				(94)				(94)		(94)
Noncontrolling interests investments in subsidiaries									76	76
Distributions to noncontrolling interests									(9)	(9)

Repurchase of common shares	(6,855,689)					(471)		(471)		(471)
Share-based compensation plans	5,378,793		89	(5)		99		183	6	189
Balances at March 31, 2013	202,466,098	$ 3	$ 6,592	$ 6,617	$ 361	$ (5,697)	$ 1,084	$ 8,960	$ 657	$ 9,617

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Three Months Ended March 31, 2013	2012
Cash Flows from Operating Activities		
Net income	$ 365	$ 248
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion, net	58	56
Deferred income tax expense (benefit)	41	(56)
Share-based compensation	33	32
Net realized investment gains	(4)	(3)
Net unrealized trading losses		1
Income from equity method investments	(1)	(9)
Other-than-temporary impairments and provision for loan losses	3	7
Net losses (gains) of consolidated investment entities	(26)	5
Changes in operating assets and liabilities:		
Restricted and segregated cash and investments	264	(85)
Deferred acquisition costs	(3)	(51)
Other investments, net	(6)	2
Future policy benefits and claims, net	(237)	370
Receivables	(77)	(7)
Brokerage deposits	(227)	23
Accounts payable and accrued expenses	(193)	(165)
Derivatives collateral, net	(121)	(526)
Cash held by consolidated investment entities	(302)	(92)
Investment properties of consolidated investment entities	(45)	78
Other operating assets and liabilities of consolidated investment entities, net	(62)	19
Other, net	74	328
Net cash provided by (used in) operating activities	(466)	175
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	169	100
Maturities, sinking fund payments and calls	1,249	1,174
Purchases	(1,187)	(1,529)
Proceeds from sales, maturities and repayments of commercial mortgage loans	79	46
Funding of commercial mortgage loans	(94)	(72)
Proceeds from sales of other investments	67	53
Purchase of other investments	(86)	(76)
Purchase of investments by consolidated investment entities	(531)	(324)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	690	468
Purchase of land, buildings, equipment and software	(14)	(61)
Change in consumer loans, net	50	(14)
Other, net	(3)	1
Net cash provided by (used in) investing activities	389	(234)

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)

(in millions)

	Three Months Ended March 31, 2013	2012
Cash Flows from Financing Activities		
Investment certificates and banking time deposits:		
Proceeds from additions	$ 589	$ 185
Maturities, withdrawals and cash surrenders	(393)	(254)
Change in other banking deposits		149
Policyholder and contractholder account values:		
Consideration received	303	392
Net transfers to separate accounts	(36)	(9)
Surrenders and other benefits	(321)	(335)
Deferred premium options, net	(98)	(76)
Change in short-term borrowings, net	(1)	
Dividends paid to shareholders	(92)	(62)
Repurchase of common shares	(406)	(292)
Exercise of stock options	48	40
Excess tax benefits from share-based compensation	51	15
Borrowings by consolidated investment entities	467	4
Repayments of debt by consolidated investment entities	(291)	(90)
Noncontrolling interests investments in subsidiaries	76	4
Distributions to noncontrolling interests	(9)	(88)
Other, net	(1)	
Net cash used in financing activities	(114)	(417)
Effect of exchange rate changes on cash	(20)	7
Net decrease in cash and cash equivalents	(211)	(469)
Cash and cash equivalents at beginning of period	2,371	2,781
Cash and cash equivalents at end of period	$ 2,160	$ 2,312
Supplemental Disclosures:		
Interest paid before consolidated investment entities	$ 35	$ 37
Income taxes paid (received), net	10	(79)
Non-cash investing activity:		
Affordable housing partnership commitments not yet remitted	10	

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to be utilized as solutions for clients cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. The foreign operations of Ameriprise Financial, Inc. are conducted primarily through its subsidiary, Threadneedle Asset Management Holdings Sàrl (Threadneedle).

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities (VIEs) in which it is the primary beneficiary (collectively, the Company). The income or loss generated by consolidated entities which will not be realized by the Company s shareholders is attributed to noncontrolling interests in the Consolidated Statements of Operations. Noncontrolling interests are the ownership interests in subsidiaries not attributable, directly or indirectly, to Ameriprise Financial, Inc. and are classified as equity within the Consolidated Balance Sheets. The Company, excluding noncontrolling interests, is defined as Ameriprise Financial. All intercompany transactions and balances have been eliminated in consolidation. See Note 3 for additional information related to VIEs.

The results of Securities America Financial Corporation and its subsidiaries (collectively, Securities America) have been presented as discontinued operations for all periods presented. The Company completed the sale of Securities America in the fourth quarter of 2011.

The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods have been made. All adjustments made were of a normal recurring nature.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain reclassifications of prior period amounts have been made to conform to the current presentation. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the consolidated Financial Statements and Notes in the Company s annual report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission (SEC) on February 27, 2013.

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Comprehensive Income

In February 2013, the Financial Accounting Standards Board (FASB) updated the accounting standard related to comprehensive income. The update requires entities to provide information about significant amounts reclassified out of accumulated other comprehensive income (AOCI). The standard is effective for interim and annual periods beginning after December 15, 2012 and is required to be applied prospectively. The Company adopted the standard in the first quarter of 2013. The adoption of the standard did not have any effect on the Company s consolidated results of operations and financial condition. See Note 13 for the required disclosures.

Balance Sheet

In December 2011, the FASB updated the accounting standards to require new disclosures about offsetting assets and liabilities. The standard requires an entity to disclose both gross and net information about certain financial instruments and transactions subject to master netting arrangements (or similar agreements) or eligible for offset in the statement of financial position. The standard is effective for interim and annual periods beginning on or after January 1, 2013 on a retrospective basis. The Company adopted the standard in the first quarter of 2013. The adoption of the standard did not have any effect on the Company s consolidated results of operations and financial condition. See Note 11 for the required disclosures.

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Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

In October 2010, the FASB updated the accounting standard for deferred acquisition costs (DAC). Under this new standard, only the following costs incurred in the acquisition of new and renewal insurance contracts are capitalizable as DAC: (i) incremental direct costs of a successful contract acquisition, (ii) portions of employees compensation and benefits directly related to time spent performing acquisition activities (that is, underwriting, policy issuance and processing, medical and inspection, and contract selling) for a contract that has been acquired, (iii) other costs related to acquisition activities that would not have been incurred had the acquisition of the contract not occurred, and (iv) advertising costs that meet the capitalization criteria in other GAAP guidance for certain direct-response marketing. All other acquisition related costs are expensed as incurred. The Company retrospectively adopted the new standard on January 1, 2012. The cumulative effect of the adoption reduced retained earnings by $1.4 billion after-tax and increased AOCI by $113 million after-tax, totaling to a $1.3 billion after-tax reduction in total equity at January 1, 2012.

3. Consolidated Investment Entities

The Company provides asset management services to various CDOs and other investment products (collectively, investment entities), which are sponsored by the Company. Certain of these investment entities are considered to be VIEs while others are considered to be voting rights entities (VREs). The Company consolidates certain of these investment entities.

The CDOs managed by the Company are considered VIEs. These CDOs are asset backed financing entities collateralized by a pool of assets, primarily syndicated loans and, to a lesser extent, high-yield bonds. Multiple tranches of debt securities are issued by a CDO, offering investors various maturity and credit risk characteristics. The debt securities issued by the CDOs are non-recourse to the Company. The CDO s debt holders have recourse only to the assets of the CDO. The assets of the CDOs cannot be used by the Company. Scheduled debt payments are based on the performance of the CDO s collateral pool. The Company generally earns management fees from the CDOs based on the par value of outstanding debt and, in certain instances, may also receive performance-based fees. In the normal course of business, the Company has invested in certain CDOs, generally an insignificant portion of the unrated, junior subordinated debt.

For certain of the CDOs, the Company has determined that consolidation is required as it has power over the CDOs and holds a variable interest in the CDOs for which the Company has the potential to receive benefits or the potential obligation to absorb losses that are significant to the CDO. For other CDOs managed by the Company, the Company has determined that consolidation is not required as the Company does not hold a variable interest in the CDOs.

The Company provides investment advice and related services to private, pooled investment vehicles organized as limited partnerships, limited liability companies or foreign (non-U.S.) entities. Certain of these pooled investment vehicles are considered VIEs while others are VREs. For investment management services, the Company generally earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The Company provides seed money occasionally to certain of these funds. For certain of the pooled investment vehicles, the Company has determined that consolidation is required as the Company stands to absorb a majority of the entity s expected losses or receive a majority of the entity s expected residual returns. For other VIE pooled investment vehicles, the Company has determined that consolidation is not required because the Company is not expected to absorb the majority of the expected losses or receive the majority of the expected residual returns. For the pooled investment vehicles which are VREs, the Company consolidates the structure when it has a controlling financial interest.

The Company also provides investment advisory, distribution and other services to the Columbia and Threadneedle mutual fund families. The Company has determined that consolidation is not required for these mutual funds.

In addition, the Company may invest in structured investments including VIEs for which it is not the sponsor. These structured investments typically invest in fixed income instruments and are managed by third parties and include asset backed securities, commercial mortgage backed securities and residential mortgage backed securities. The Company includes these investments in Available-for-Sale securities. The Company has determined that it is not the primary beneficiary of these structures due to its relative size, position in the capital structure of these entities and the Company s lack of power over the structures. The Company s maximum exposure to loss as a result of its investment in structured investments that it does not consolidate is limited to its carrying value. The Company has no obligation to provide further financial or other support to these structured investments nor has the Company provided any support to these structured investments. See Note 4 for additional information about these structured investments.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Fair Value of Assets and Liabilities

The following tables present the balances of assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	March 31, 2013			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$	$ 240	$ 3	$ 243
Common stocks	110	51	8	169
Other structured investments		54		54
Syndicated loans		3,687	205	3,892
Total investments	110	4,032	216	4,358
Receivables		111		111
Other assets		12	1,176	1,188
Total assets at fair value	$ 110	$ 4,155	$ 1,392	$ 5,657
Liabilities				
Debt	$	$	$ 4,595	$ 4,595
Other liabilities		301		301
Total liabilities at fair value	$	$ 301	$ 4,595	$ 4,896

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$	$ 251	$ 3	$ 254
Common stocks	91	32	14	137
Other structured investments		57		57
Syndicated loans		3,720	202	3,922
Total investments	91	4,060	219	4,370
Receivables		77		77
Other assets		2	1,214	1,216
Total assets at fair value	$ 91	$ 4,139	$ 1,433	$ 5,663
Liabilities				
Debt	$	$	$ 4,450	$ 4,450
Other liabilities		166		166
Total liabilities at fair value	$	$ 166	$ 4,450	$ 4,616

The following tables provide a summary of changes in Level 3 assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	Corporate Debt Securities	Common Stocks	Syndicated Loans (in millions)	Other Assets	Debt
Balance, January 1, 2013	$ 3	$ 14	$ 202	$ 1,214	$ (4,450)
Total losses included in:					
Net income				(6)(2)	(24)(1)
Other comprehensive income				(77)	
Purchases			76	51	
Sales			(18)	(6)	
Issues					(410)
Settlements			(13)		289
Transfers into Level 3		2	51		
Transfers out of Level 3		(8)	(93)		
Balance, March 31, 2013	$ 3	$ 8	$ 205	$ 1,176	$ (4,595)
Changes in unrealized losses included in income relating to assets and liabilities held at March 31, 2013	$	$	$	$ (5)(2)	$ (24)(1)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in other revenues in the Consolidated Statements of Operations.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Corporate Debt Securities	Common Stocks	Syndicated Loans (in millions)	Other Assets	Debt
Balance, January 1, 2012	$ 4	$ 13	$ 342	$ 1,108	$ (4,712)
Total gains (losses) included in:					
Net income		(1)(1)	3(1)	(27)(2)	(125)(1)
Other comprehensive income				32	
Purchases		6	7	12	
Sales		(2)	(5)	(90)	
Settlements			(30)		68
Transfers into Level 3		1	86		
Transfers out of Level 3		(9)	(208)		
Balance, March 31, 2012	$ 4	$ 8	$ 195	$ 1,035	$ (4,769)
Changes in unrealized gains (losses) included in income relating to assets and liabilities held at March 31, 2012	$	$	$ 2(1)	$ (34)(2)	$ (125)(1)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in other revenues in the Consolidated Statements of Operations.

Securities and loans transferred from Level 2 to Level 3 represent assets with fair values that are now based on a single non-binding broker quote. Securities and loans transferred from Level 3 to Level 2 represent assets with fair values that are now obtained from a third party pricing service with observable inputs. During the reporting periods, there were no transfers between Level 1 and Level 2.

The following tables provide a summary of the significant unobservable inputs used in the fair value measurements developed by the Company or reasonably available to the Company of Level 3 assets and liabilities held by consolidated investment entities:

	March 31, 2013			
	Fair Value (in millions)	Valuation Technique	Unobservable Input	Range (Weighted Average)
Other assets	$ 1,176	Discounted cash flow/market comparables	Equivalent yield	4.9% - 14.0% (7.3%)
			Expected rental value (per square foot)	$4 - $289 $(30)
Debt	$ 4,595	Discounted cash flow	Annual default rate	2.5% - 4.5% (2.5%)

				Discount rate	1.5% - 32.0% (2.7%)
				Constant prepayment rate	5.0% - 10.0% (9.7%)
				Loss recovery	36.4% - 63.6% (62.1%)

	December 31, 2012				
	Fair Value (in millions)		Valuation Technique	Unobservable Input	Range (Weighted Average)
Other assets	$	1,214	Discounted cash flow/market comparables	Equivalent yield	4.1% - 12.9% (7.2%)
				Expected rental value (per square foot)	$4 - $309 $(32)
Debt	$	4,450	Discounted cash flow	Annual default rate	2.5% - 4.5% (2.5%)
				Discount rate	1.6% - 30.0% (2.9%)
				Constant prepayment rate	5.0% - 10.0% (9.6%)
				Loss recovery	36.4% - 63.6% (62.0%)

Level 3 measurements not included in the tables above are obtained from non-binding broker quotes where unobservable inputs are not reasonably available to the Company.

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Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

Generally, a significant increase (decrease) in the expected rental value used in the fair value measurement of properties held by consolidated investment entities in isolation would result in a significantly higher (lower) fair value measurement and a significant increase (decrease) in the equivalent yield in isolation would result in a significantly lower (higher) fair value measurement.

Generally, a significant increase (decrease) in the annual default rate and discount rate used in the fair value measurement of the CDO s debt in isolation would result in a significantly lower (higher) fair value measurement and a significant increase (decrease) in loss recovery in isolation would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the constant prepayment rate in isolation would result in a significantly higher (lower) fair value measurement.

Determination of Fair Value

Assets

Investments

The fair value of syndicated loans obtained from third party pricing services with multiple non-binding broker quotes as the underlying valuation source is classified as Level 2. The fair value of syndicated loans obtained from third party pricing services with a single non-binding broker quote as the underlying valuation source is classified as Level 3. The underlying inputs used in non-binding broker quotes are not readily available to the Company.

In consideration of the above, management is responsible for the fair values recorded on the financial statements. Prices received from third party pricing services are subjected to exception reporting that identifies loans with significant daily price movements as well as no movements. The Company reviews the exception reporting and resolves the exceptions through reaffirmation of the price or recording an appropriate fair value estimate. The Company also performs subsequent transaction testing. The Company performs annual due diligence of the third party pricing services. The Company s due diligence procedures include assessing the vendor s valuation qualifications, control environment, analysis of asset-class specific valuation methodologies and understanding of sources of market observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. The Company also considers the results of its exception reporting controls and any resulting price challenges that arise.

See Note 10 for a description of the Company s determination of the fair value of corporate debt securities, common stocks and other structured investments.

Receivables

For receivables of the consolidated CDOs, the carrying value approximates fair value as the nature of these assets has historically been short term and the receivables have been collectible. The fair value of these receivables is classified as Level 2.

Other Assets

Other assets consist primarily of properties held in consolidated pooled investment vehicles managed by Threadneedle. The fair value of these properties is calculated by a third party appraisal service by discounting future cash flows generated by the expected market rental value for the property using the equivalent yield of a similar investment property. Inputs used in determining the equivalent yield and expected rental value of the property may include: rental cash flows, current occupancy, historical vacancy rates, tenant history and assumptions regarding how quickly the property can be occupied and at what rental rates. Management reviews the valuation report and assumptions used to ensure that the valuation was performed in accordance with applicable independence, appraisal and valuation standards. Given the significance of the unobservable inputs to these measurements, these assets are classified as Level 3.

For other assets of the consolidated CDOs, the carrying value approximates fair value as the nature of these assets has historically been short term. The fair value of these assets is classified as Level 2.

Liabilities

Debt

The fair value of the CDOs debt is determined using a discounted cash flow model. Inputs used to determine the expected cash flows include assumptions about default, discount, prepayment and recovery rates of the CDOs underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the fair value of the CDOs debt is classified as Level 3.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Other Liabilities

Other liabilities consist primarily of securities purchased but not yet settled held by consolidated CDOs. The carrying value approximates fair value as the nature of these liabilities has historically been short term. The fair value of these liabilities is classified as Level 2.

The Company has elected the fair value option for the financial assets and liabilities of the consolidated CDOs. Management believes that the use of the fair value option better matches the changes in fair value of assets and liabilities related to the CDOs.

The following table presents the fair value and unpaid principal balance of loans and debt for which the fair value option has been elected:

	March 31, 2013	December 31, 2012
	(in millions)	
Syndicated loans		
Unpaid principal balance	$ 3,958	$ 4,023
Excess unpaid principal over fair value	(66)	(101)
Fair value	$ 3,892	$ 3,922
Fair value of loans more than 90 days past due	$ 6	$ 34
Fair value of loans in nonaccrual status	6	34
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in nonaccrual status or both	32	38
Debt		
Unpaid principal balance	$ 4,878	$ 4,757
Excess unpaid principal over fair value	(283)	(307)
Fair value	$ 4,595	$ 4,450

Interest income from syndicated loans, bonds and structured investments is recorded based on contractual rates in net investment income. Gains and losses related to changes in the fair value of investments and gains and losses on sales of investments are also recorded in net investment income. Interest expense on debt is recorded in interest and debt expense with gains and losses related to changes in the fair value of debt recorded in net investment income.

Total net gains recognized in net investment income related to changes in the fair value of financial assets and liabilities for which the fair value option was elected were $21 million and $9 million for the three months ended March 31, 2013 and 2012, respectively. The majority of the syndicated loans and debt have floating rates; as such, changes in their fair values are primarily attributable to changes in credit spreads.

Debt of the consolidated investment entities and the stated interest rates were as follows:

	Carrying Value		Weighted Average Interest Rate	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
	(in millions)			
Debt of consolidated CDOs due 2013-2025	$ 4,595	$ 4,450	1.0%	0.9%
Floating rate revolving credit borrowings due 2014	288	309	2.6	2.6
Floating rate revolving credit borrowings due 2015	97	104	2.4	2.4
Floating rate revolving credit borrowings due 2017	111	118	4.5	4.5
Floating rate revolving credit borrowings due 2018	57		3.7	
Total	$ 5,148	$ 4,981		

The debt of the consolidated CDOs has both fixed and floating interest rates, which range from 0% to 13.2%. The interest rates on the debt of CDOs are weighted average rates based on the outstanding principal and contractual interest rates. The carrying value of the debt of the consolidated CDOs represents the fair value of the aggregate debt. The carrying value of the floating rate revolving credit borrowings represents the outstanding principal amount of debt of certain consolidated pooled investment vehicles managed by Threadneedle. The fair value of this debt was $553 million and $531 million as of March 31, 2013 and December 31, 2012, respectively. The consolidated pooled investment vehicles have entered into interest rate swaps and collars to manage the interest rate exposure on the floating rate revolving credit borrowings. The fair value of these derivative instruments is recorded gross and was a liability of $17 million at both March 31, 2013 and December 31, 2012. The overall effective interest rate reflecting the impact of the derivative contracts was 4.6% and 4.8% as of March 31, 2013 and December 31, 2012, respectively.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

4. Investments

The following is a summary of Ameriprise Financial investments:

	March 31, 2013	December 31, 2012
	(in millions)	
Available-for-Sale securities, at fair value	$ 31,049	$ 31,472
Mortgage loans, net	3,573	3,609
Policy and certificate loans	754	754
Other investments	1,070	1,042
Total	$ 36,446	$ 36,877

The following is a summary of net investment income:

	Three Months Ended March 31, 2013	2012
	(in millions)	
Investment income on fixed maturities	$ 401	$ 457
Net realized gains (losses)	1	(2)
Affordable housing partnerships	(7)	(8)
Other	17	23
Consolidated investment entities	77	61
Total net investment income	$ 489	$ 531

Available-for-Sale securities distributed by type were as follows:

Description of Securities	Amortized Cost	Gross Unrealized Gains	March 31, 2013 Gross Unrealized Losses	Fair Value	Noncredit OTTI (1)
			(in millions)		
Corporate debt securities	$ 16,506	$ 2,037	$ (10)	$ 18,533	$ 2
Residential mortgage backed securities	5,231	233	(100)	5,364	(47)
Commercial mortgage backed securities	2,965	258	(1)	3,222	
Asset backed securities	1,312	80	(2)	1,390	
State and municipal obligations	2,050	237	(31)	2,256	

U.S. government and agencies obligations		48		8				56		
Foreign government bonds and obligations		185		30				215		
Common stocks		7		6				13		2
Total	$	28,304	$	2,889	$	(144)	$	31,049	$	(43)

Description of Securities		Amortized Cost		Gross Unrealized Gains		December 31, 2012 Gross Unrealized Losses (in millions)		Fair Value		Noncredit OTTI (1)
Corporate debt securities	$	16,628	$	2,196	$	(9)	$	18,815	$	
Residential mortgage backed securities		5,280		261		(112)		5,429		(58)
Commercial mortgage backed securities		3,120		299				3,419		
Asset backed securities		1,204		75		(4)		1,275		
State and municipal obligations		2,034		241		(36)		2,239		
U.S. government and agencies obligations		49		9				58		
Foreign government bonds and obligations		188		36				224		
Common stocks		7		6				13		2
Total	$	28,510	$	3,123	$	(161)	$	31,472	$	(56)

(1) Represents the amount of other-than-temporary impairment (OTTI) losses in accumulated other comprehensive income. Amount includes unrealized gains and losses on impaired securities subsequent to the initial impairment measurement date. These amounts are included in gross unrealized gains and losses as of the end of the period.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At March 31, 2013 and December 31, 2012, fixed maturity securities comprised approximately 85% of Ameriprise Financial investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations (NRSROs), including Moody s Investors Service (Moody s), Standard & Poor s Ratings Services (S&P) and Fitch Ratings Ltd. (Fitch). The Company uses t median of available ratings from Moody s, S&P and Fitch, or, if fewer than three ratings are available, the lower rating is used. When ratings from Moody s, S&P and Fitch are unavailable, the Company may utilize ratings from other NRSROs or rate the securities internally.
At March 31, 2013 and December 31, 2012, the Company s internal analysts rated $1.6 billion and $1.7 billion, respectively, of securities, using criteria similar to those used by NRSROs. A summary of fixed maturity securities by rating was as follows:

	March 31, 2013			December 31, 2012		
Ratings	**Amortized Cost**	**Fair Value**	**Percent of Total Fair Value**	**Amortized Cost**	**Fair Value**	**Percent of Total Fair Value**
			(in millions, except percentages)			
AAA	$ 7,239	$ 7,712	25%	$ 7,462	$ 8,021	26%
AA	1,752	1,993	6	1,620	1,827	6
A	5,571	6,201	20	5,456	6,069	19
BBB	11,803	13,231	43	11,939	13,575	43
Below investment grade	1,932	1,899	6	2,026	1,967	6
Total fixed maturities	$ 28,297	$ 31,036	100%	$ 28,503	$ 31,459	100%

At March 31, 2013 and December 31, 2012, approximately 36% and 35%, respectively, of the securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities. No holdings of any other issuer were greater than 10% of total equity.

The following tables provide information about Available-for-Sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position:

	March 31, 2013								
	Less than 12 months			12 months or more			Total		
Description of Securities	**Number of Securities**	**Fair Value**	**Unrealized Losses**	**Number of Securities**	**Fair Value**	**Unrealized Losses**	**Number of Securities**	**Fair Value**	**Unrealized Losses**
				(in millions, except number of securities)					
Corporate debt securities	61	$ 707	$ (7)	5	$ 60	$ (3)	66	$ 767	$ (10)
Residential mortgage backed securities	56	850	(13)	122	576	(87)	178	1,426	(100)
Commercial mortgage backed securities	12	123	(1)	1	6		13	129	(1)
Asset backed securities	10	115		4	59	(2)	14	174	(2)
State and municipal obligations	30	69	(2)	8	119	(29)	38	188	(31)
Total	169	$ 1,864	$ (23)	140	$ 820	$ (121)	309	$ 2,684	$ (144)

	December 31, 2012								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	76	$ 801	$ (6)	6	$ 70	$ (3)	82	$ 871	$ (9)
Residential mortgage backed securities	22	408	(5)	134	658	(107)	156	1,066	(112)
Asset backed securities	9	108	(1)	5	86	(3)	14	194	(4)
State and municipal obligations	13	34	(1)	8	113	(35)	21	147	(36)
Total	120	$ 1,351	$ (13)	153	$ 927	$ (148)	273	$ 2,278	$ (161)

As part of Ameriprise Financial s ongoing monitoring process, management determined that a majority of the gross unrealized losses on its Available-for-Sale securities are attributable to movement in credit spreads primarily related to non-agency residential mortgage backed securities purchased prior to 2008.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following table presents a rollforward of the cumulative amounts recognized in the Consolidated Statements of Operations for other-than-temporary impairments related to credit losses on securities for which a portion of the securities total other-than-temporary impairments was recognized in other comprehensive income:

	Three Months Ended March 31, 2013		2012	
	(in millions)			
Beginning balance	$	176	$	303
Credit losses for which an other-than-temporary impairment was previously recognized		2		5
Reductions for securities sold during the period (realized)		(13)		(2)
Ending balance	$	165	$	306

The change in net unrealized securities gains (losses) in other comprehensive income includes three components, net of tax: (i) unrealized gains (losses) that arose from changes in the market value of securities that were held during the period; (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit other-than-temporary impairment losses to credit losses; and (iii) other items primarily consisting of adjustments in asset and liability balances, such as DAC, deferred sales inducement costs (DSIC), benefit reserves and reinsurance recoverables, to reflect the expected impact on their carrying values had the unrealized gains (losses) been realized as of the respective balance sheet dates.

The following table presents a rollforward of the net unrealized securities gains on Available-for-Sale securities included in accumulated other comprehensive income:

	Net Unrealized Securities Gains		Deferred Income Tax		Accumulated Other Comprehensive Income Related to Net Unrealized Securities Gains	
			(in millions)			
Balance at January 1, 2012	$	1,350	$	(467)	$	883
Net unrealized securities gains arising during the period (1)		127		(46)		81
Reclassification of net securities losses included in net income		2		(1)		1
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables		(5)		2		(3)
Balance at March 31, 2012	$	1,474	$	(512)	$	962(2)
Balance at January 1, 2013	$	2,017	$	(705)	$	1,312
Net unrealized securities losses arising during the period (1)		(216)		75		(141)
Reclassification of net securities gains included in net income		(1)				(1)
		98		(34)		64

Impact of DAC, DSIC, benefit reserves and reinsurance recoverables						
Balance at March 31, 2013	$	1,898	$	(664)	$	1,234(2)

(1) Includes other-than-temporary impairment losses on Available-for-Sale securities related to factors other than credit that were recognized in other comprehensive income during the period.

(2) Includes $(11) million and $(67) million of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities at March 31, 2013 and 2012, respectively.

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in earnings were as follows:

	Three Months Ended March 31,			
	2013		2012	
	(in millions)			
Gross realized gains	$	4	$	5
Gross realized losses				(1)
Other-than-temporary impairments		(3)		(6)
Total	$	1	$	(2)

Other-than-temporary impairments for the three months ended March 31, 2013 and 2012 primarily related to credit losses on non-agency residential mortgage backed securities.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Available-for-Sale securities by contractual maturity at March 31, 2013 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 1,777	$ 1,814
Due after one year through five years	5,640	6,007
Due after five years through 10 years	6,781	7,693
Due after 10 years	4,591	5,546
	18,789	21,060
Residential mortgage backed securities	5,231	5,364
Commercial mortgage backed securities	2,965	3,222
Asset backed securities	1,312	1,390
Common stocks	7	13
Total	$ 28,304	$ 31,049

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities, as well as common stocks, were not included in the maturities distribution.

5. Financing Receivables

The Company s financing receivables include commercial mortgage loans, syndicated loans, consumer loans, policy loans, certificate loans and margin loans. Commercial mortgage loans, syndicated loans, consumer loans and policy loans are reflected in investments. Certificate and margin loans are recorded in receivables. Policy and certificate loans do not exceed the cash surrender value at origination. As there is minimal risk of loss related to policy and certificate loans, the Company does not record an allowance for loan losses. The Company monitors collateral supporting margin loans and requests additional collateral when necessary in order to mitigate the risk of loss. As there is minimal risk of loss related to margin loans, the allowance for loan losses is immaterial.

Allowance for Loan Losses

The following tables present a rollforward of the allowance for loan losses for the three months ended and the ending balance of the allowance for loan losses by impairment method and type of loan:

	March 31, 2013			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Beginning balance	$ 29	$ 7	$ 8	$ 44
Charge-offs			(1)	(1)
Ending balance	$ 29	$ 7	$ 7	$ 43
Individually evaluated for impairment	$ 7	$	$ 1	$ 8
Collectively evaluated for impairment	22	7	6	35

	March 31, 2012			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Beginning balance	$ 35	$ 9	$ 16	$ 60
Charge-offs		(2)	(2)	(4)
Provisions			2	2
Ending balance	$ 35	$ 7	$ 16	$ 58
Individually evaluated for impairment	$ 10	$ 1	$ 2	$ 13
Collectively evaluated for impairment	25	6	14	45

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The recorded investment in financing receivables by impairment method and type of loan was as follows:

	March 31, 2013			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Individually evaluated for impairment	$ 50	$ 5	$ 8	$ 63
Collectively evaluated for impairment	2,571	316	1,010	3,897
Total	$ 2,621	$ 321	$ 1,018	$ 3,960

	December 31, 2012			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Individually evaluated for impairment	$ 44	$ 2	$ 8	$ 54
Collectively evaluated for impairment	2,562	335	1,061	3,958
Total	$ 2,606	$ 337	$ 1,069	$ 4,012

As of March 31, 2013 and December 31, 2012, the Company s recorded investment in financing receivables individually evaluated for impairment for which there was no related allowance for loan losses was $18 million and $17 million, respectively. Unearned income, unamortized premiums and discounts, and net unamortized deferred fees and costs are not material to the Company s total loan balance.

Purchases and sales of loans were as follows:

	Three Months Ended March 31,	
	2013	2012
	(in millions)	
Purchases		
Consumer loans	$	$ 51
Syndicated loans	22	29
Total loans purchased	$ 22	$ 80
Sales		
Consumer loans	$	$ 63
Syndicated loans	1	
Total loans sold	$ 1	$ 63

The Company has not acquired any loans with deteriorated credit quality as of the acquisition date.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Credit Quality Information

Nonperforming loans, which are generally loans 90 days or more past due, were $14 million and $7 million as of March 31, 2013 and December 31, 2012, respectively. All other loans were considered to be performing.

Commercial Mortgage Loans

The Company reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Based on this review, the commercial mortgage loans are assigned an internal risk rating, which management updates as necessary. Commercial mortgage loans which management has assigned its highest risk rating were 2% of total commercial mortgage loans at both March 31, 2013 and December 31, 2012. Loans with the highest risk rating represent distressed loans which the Company has identified as impaired or expects to become delinquent or enter into foreclosure within the next six months. In addition, the Company reviews the concentrations of credit risk by region and property type.

Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
	(in millions)			
East North Central	$ 260	$ 260	10%	10%
East South Central	68	66	3	3
Middle Atlantic	205	207	8	8
Mountain	276	272	11	10
New England	141	146	5	6
Pacific	608	597	23	23
South Atlantic	676	661	26	25
West North Central	219	232	8	9
West South Central	168	165	6	6
	2,621	2,606	100%	100%
Less: allowance for loan losses	29	29		
Total	$ 2,592	$ 2,577		

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans				Percentage	
	March 31, 2013		December 31, 2012		March 31, 2013	December 31, 2012
	(in millions)					
Apartments	$	458	$	450	18%	17%
Hotel		37		36	1	1
Industrial		464		474	18	18
Mixed use		33		42	1	2
Office		603		610	23	24
Retail		888		858	34	33
Other		138		136	5	5
		2,621		2,606	100%	100%
Less: allowance for loan losses		29		29		
Total	$	2,592	$	2,577		

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Syndicated Loans

The Company s syndicated loan portfolio is diversified across industries and issuers. The primary credit indicator for syndicated loans is whether the loans are performing in accordance with the contractual terms of the syndication. Total nonperforming syndicated loans at both March 31, 2013 and December 31, 2012 were $3 million.

Consumer Loans

The Company considers the credit worthiness of borrowers (FICO score), collateral characteristics such as loan-to-value (LTV) and geographic concentration in determining the allowance for loan losses for consumer loans. At a minimum, management updates FICO scores and LTV ratios semiannually.

As of both March 31, 2013 and December 31, 2012, approximately 5% of consumer loans had FICO scores below 640. At March 31, 2013 and December 31, 2012, approximately 2% and 8%, respectively, of the Company s residential mortgage loans had LTV ratios greater than 90%. The Company s most significant geographic concentration for consumer loans is in California representing 38% of the portfolio as of both March 31, 2013 and December 31, 2012. No other state represents more than 10% of the total consumer loan portfolio.

Troubled Debt Restructurings

The following table presents the number of loans restructured by the Company during the three months ended March 31 and their recorded investment at March 31:

	2013		2012	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
	(in millions, except number of loans)			
Syndicated loans		$	2	$ 2
Consumer loans	5		26	
Total	5	$	28	$ 2

The troubled debt restructurings did not have a material impact to the Company s allowance for loan losses or income recognized for the three months ended March 31, 2013 and 2012. There are no material commitments to lend additional funds to borrowers whose loans have been restructured.

6. Deferred Acquisition Costs and Deferred Sales Inducement Costs

The balances of and changes in DAC were as follows:

	2013	2012
	(in millions)	
Balance at January 1	$ 2,399	$ 2,440
Capitalization of acquisition costs	78	82
Amortization	(75)	(31)
Impact of change in net unrealized securities losses (gains)	33	(19)
Balance at March 31	$ 2,435	$ 2,472

The balances of and changes in DSIC, which is included in other assets, were as follows:

	2013	2012
	(in millions)	
Balance at January 1	$ 404	$ 464
Capitalization of sales inducement costs	2	2
Amortization	(12)	(2)
Impact of change in net unrealized securities losses (gains)	3	(4)
Balance at March 31	$ 397	$ 460

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

7. Future Policy Benefits and Claims and Separate Account Liabilities

Future policy benefits and claims consisted of the following:

	March 31, 2013	December 31, 2012
	(in millions)	
Fixed annuities	$ 15,905	$ 16,075
Equity indexed annuity (EIA) accumulated host values	29	31
EIA embedded derivatives	3	2
Variable annuity fixed sub-accounts	4,832	4,843
Variable annuity guaranteed minimum withdrawal benefits (GMWB)	319	799
Variable annuity guaranteed minimum accumulation benefits (GMAB)	23	103
Other variable annuity guarantees	13	13
Total annuities	21,124	21,866
Variable universal life (VUL)/universal life (UL) insurance	2,767	2,760
Indexed universal life (IUL) accumulated host values	74	