AMERIPRISE FINANCIAL INC
Form 10-Q
August 04, 2010
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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 June 30, 2010

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 o (Do not check if a smaller reporting company)	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 o 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 July 23, 2010**
Common Stock (par value $.01 per share)	251,048,544 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 June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Revenues				
Management and financial advice fees	$ 955	$ 606	$ 1,729	$ 1,160
Distribution fees	453	351	844	662
Net investment income	654	511	1,244	929
Premiums	299	269	581	535
Other revenues	236	175	491	384
Total revenues	2,597	1,912	4,889	3,670
Banking and deposit interest expense	20	38	41	80
Total net revenues	2,577	1,874	4,848	3,590
Expenses				
Distribution expenses	621	432	1,146	816
Interest credited to fixed accounts	231	237	459	442
Benefits, claims, losses and settlement expenses	298	587	652	687
Amortization of deferred acquisition costs	171	(125)	289	161
Interest and debt expense	74	28	138	54
General and administrative expense	716	600	1,337	1,181
Total expenses	2,111	1,759	4,021	3,341
Pretax income	466	115	827	249
Income tax provision	68	28	133	46
Net income	398	87	694	203
Less: Net income (loss) attributable to noncontrolling interests	139	(8)	221	(22)
Net income attributable to Ameriprise Financial	$ 259	$ 95	$ 473	$ 225
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders				
Basic	$ 0.99	$ 0.41	$ 1.81	$ 1.00
Diluted	0.98	0.41	1.78	0.99
Weighted average common shares outstanding				
Basic	261.1	228.8	260.9	225.6
Diluted	265.3	230.0	265.1	226.8
Cash dividends paid per common share	$ 0.18	$ 0.17	$ 0.35	$ 0.34

Supplemental Disclosures:

Net investment income:				
Net investment income before impairment losses on securities	$ 655	$ 542	$ 1,275	$ 995
Total other-than-temporary impairment losses on securities		(30)	(32)	(55)
Portion of loss recognized in other comprehensive income	(1)	(1)	1	(11)
Net impairment losses recognized in net investment income	(1)	(31)	(31)	(66)
Net investment income	$ 654	$ 511	$ 1,244	$ 929

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	June 30, 2010 (unaudited)	December 31, 2009
Assets		
Cash and cash equivalents	$ 3,827	$ 3,097
Investments	36,526	36,938
Separate account assets	58,029	58,129
Receivables	4,906	4,435
Deferred acquisition costs	4,123	4,334
Restricted and segregated cash	1,272	1,452
Other assets	5,643	4,286
Total assets before consolidated investment entities	114,326	112,671
Consolidated Investment Entities:		
Cash	570	181
Investments, at fair value	5,437	36
Receivables (includes $45 and nil, respectively, at fair value)	92	49
Other assets, at fair value	685	833
Total assets of consolidated investment entities	6,784	1,099
Total assets	$ 121,110	$ 113,770
Liabilities and Equity Liabilities:		
Future policy benefits and claims	$ 30,677	$ 30,886
Separate account liabilities	58,029	58,129
Customer deposits	8,421	8,554
Short-term borrowings	484	
Long-term debt	2,684	1,868
Accounts payable and accrued expenses	1,050	918
Other liabilities	3,166	3,093
Total liabilities before consolidated investment entities	104,511	103,448
Consolidated Investment Entities:		
Debt (includes $5,048 and nil, respectively, at fair value)	5,296	381
Accounts payable and accrued expenses	21	28
Other liabilities (includes $151 and $30, respectively, at fair value)	163	41
Total liabilities of consolidated investment entities	5,480	450
Total liabilities	109,991	103,898
Equity:		
Ameriprise Financial, Inc.:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 299,053,176 and 295,839,581, respectively)	3	3
Additional paid-in capital	5,869	5,748
Retained earnings	5,658	5,276
Appropriated retained earnings of consolidated investment entities	620	
Treasury shares, at cost (47,014,926 and 40,744,090 shares, respectively)	(2,259)	(2,023)

Accumulated other comprehensive income, net of tax		607		265
Total Ameriprise Financial, Inc. shareholders equity		10,498		9,269
Noncontrolling interests		621		603
Total equity		11,119		9,872
Total liabilities and equity	$	121,110	$	113,770

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Cash Flows from Operating Activities		
Net income	$ 694	$ 203
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Capitalization of deferred acquisition and sales inducement costs	(259)	(405)
Amortization of deferred acquisition and sales inducement costs	324	167
Depreciation, amortization and accretion, net	48	81
Deferred income tax expense	426	90
Share-based compensation	70	86
Net realized investment gains	(39)	(97)
Other-than-temporary impairments and provision for loan losses	35	82
Net (income) loss attributable to noncontrolling interests	(221)	22
Changes in operating assets and liabilities before consolidated investment entities:		
Restricted and segregated cash	22	150
Trading securities and equity method investments, net	7	(327)
Future policy benefits and claims, net	54	379
Receivables	(490)	27
Brokerage deposits	(39)	(123)
Accounts payable and accrued expenses	83	(74)
Derivatives collateral, net	533	(1,588)
Other, net	(12)	(192)
Changes in operating assets and liabilities of consolidated investment entities	80	(27)
Net cash provided by (used in) operating activities	1,316	(1,546)
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	1,906	2,359
Maturities, sinking fund payments and calls	3,204	2,500
Purchases	(4,188)	(10,188)
Proceeds from sales and maturities of commercial mortgage loans	107	158
Funding of commercial mortgage loans	(82)	(57)
Proceeds from sales of other investments	92	28
Purchase of other investments	(40)	(10)
Purchase of investments by consolidated investment entities	(1,010)	
Proceeds from sales and maturities of investments by consolidated investment entities	933	
Return of capital in investments of consolidated investment entities	2	
Purchase of land, buildings, equipment and software	(54)	(35)
Change in policy and certificate loans, net	(6)	13
Acquisitions	(866)	
Change in consumer banking loans and credit card receivables, net	(196)	(52)
Other, net	(8)	3
Net cash used in investing activities	(206)	(5,281)

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)

(in millions)

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Cash Flows from Financing Activities		
Investment certificates and banking time deposits:		
Proceeds from additions	$ 554	$ 1,798
Maturities, withdrawals and cash surrenders	(1,120)	(1,780)
Change in other banking deposits	463	1,097
Policyholder and contractholder account values:		
Consideration received	833	3,726
Net transfers (to) from separate accounts	(1,277)	239
Surrenders and other benefits	(692)	(1,224)
Deferred premium options, net	(77)	(6)
Proceeds from issuance of common stock		869
Issuances of debt, net of issuance costs	744	491
Repayments of debt		(87)
Change in short-term borrowings, net	484	
Dividends paid to shareholders	(91)	(74)
Repurchase of common shares	(206)	(9)
Exercise of stock options	45	
Excess tax benefits from share-based compensation	5	1
Borrowings of consolidated investment entities	30	41
Repayments of debt of consolidated investment entities	(50)	
Noncontrolling interests investments in subsidiaries	29	2
Distributions to noncontrolling interests	(40)	(38)
Other, net	(2)	
Net cash (used in) provided by financing activities	(368)	5,046
Effect of exchange rate changes on cash	(12)	22
Net increase (decrease) in cash and cash equivalents	730	(1,759)
Cash and cash equivalents at beginning of period	3,097	6,228
Cash and cash equivalents at end of period	$ 3,827	$ 4,469
Supplemental Disclosures:		
Interest paid on debt before consolidated investment entities	$ 61	$ 58
Income taxes paid, net	53	3

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	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 (Loss)**	**Non-controlling Interests**	**Total**
					(in millions, except share data)				
Balances at January 1, 2009	216,510,699	$ 3	$ 4,688	$ 4,586	$	$ (2,012)	$ (1,091)	$ 289	$ 6,463
Change in accounting principles, net of tax				132			(132)		
Comprehensive income:									
Net income (loss)				225				(22)	203
Other comprehensive income, net of tax:									
Change in net unrealized securities losses							737		737
Change in noncredit related im-pairments on securities and net unrealized securities losses on previously impaired securities							35		35
Change in net unrealized derivatives losses							(1)		(1)
Foreign currency translation adjustment							66	33	99
Total comprehensive income									1,073
Issuance of common stock	36,000,000		869						869
Dividends paid to shareholders				(74)					(74)
Noncontrolling interests investments in subsidiaries								2	2
Distributions to noncontrolling interests								(38)	(38)
Repurchase of common shares	(624,538)					(9)			(9)
Share-based compensation plans	3,152,251		84						84
Balances at June 30, 2009	255,038,412	$ 3	$ 5,641	$ 4,869	$	$ (2,021)	$ (386)	$ 264	$ 8,370
Balances at January 1, 2010	255,095,491	$ 3	$ 5,748	$ 5,276	$	$ (2,023)	$ 265	$ 603	$ 9,872
Change in accounting principles					473				473
Comprehensive income:									
Net income				473				221	694
Net income reclassified to appropriated retained earnings					147			(147)	
Other comprehensive income, net of tax:									
Change in net unrealized securities gains							379		379
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities							2		2

Change in net unrealized derivatives gains							(2)		(2)
Foreign currency translation adjustment							(37)	(45)	(82)
Total comprehensive income									991
Dividends paid to shareholders				(91)					(91)
Noncontrolling interests investments in subsidiaries								29	29
Distributions to noncontrolling interests								(40)	(40)
Repurchase of common shares	(6,270,836)					(236)			(236)
Share-based compensation plans	3,213,595		121						121
Balances at June 30, 2010	252,038,250	$ 3	$ 5,869	$ 5,658	$ 620	$ (2,259)	$ 607	$ 621	$ 11,119

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning and 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 Company s foreign operations in the United Kingdom (UK) are conducted 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 material intercompany transactions and balances have been eliminated in consolidation. See Note 3 for additional information related to the consolidated VIEs.

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. Except for the adjustments described below, all adjustments made were of a normal recurring nature.

In the second quarter of 2010, the Company made an adjustment for revisions to certain calculations in its valuation of deferred acquisition costs (DAC) and deferred sales inducement costs (DSIC), which resulted in increases to the DAC and DSIC balances and decreases to amortization of DAC and benefits expense totaling $33 million. The impact to net income attributable to Ameriprise Financial was $21 million.

In the second quarter of 2010, the Company purchased an additional $6 million ownership interest in Cofunds, a leading investment platform that provides distribution access to over 1,300 funds from over 90 UK fund managers. This additional investment increased the Company s ownership percentage from 16% to 20%, and as a result, the Company adopted the equity method of accounting and recorded a retrospective adjustment to the investment balance, results of operations and retained earnings as if the equity method had been in effect during all previous periods in which the investment was held. The effect of the change to the Company s prior period consolidated results of operations and financial condition was not material.

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, 2009, filed with the Securities and Exchange Commission (SEC) on February 24, 2010.

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

Consolidation of Variable Interest Entities

In June 2009, the Financial Accounting Standards Board (FASB) updated the accounting standards related to the consolidation of VIEs. The standard amends the guidance on the determination of the primary beneficiary of a VIE from a quantitative model to a qualitative model and requires additional disclosures about an enterprise s involvement in VIEs. Under the new qualitative model, the primary beneficiary must have both the power to direct the activities of the VIE and the obligation to absorb losses or the right to receive gains that could be potentially significant to the VIE. In February 2010, the FASB amended this guidance to defer application of the consolidation requirements for certain investment funds. The standards are effective for interim and annual reporting periods beginning after November 15, 2009. The Company adopted the standards effective January 1, 2010 and consolidated certain collateralized debt obligations (CDOs). As a result of the adoption, the Company recorded a $5.5 billion increase to assets and a $5.1 billion increase to liabilities. The difference between the fair value of the assets and liabilities of the CDOs was recorded as a cumulative effect increase of $473 million to appropriated retained earnings of consolidated investment entities. Such amounts are recorded as appropriated retained earnings as the CDO note holders, not Ameriprise Financial, ultimately will receive the benefits or absorb the losses associated with the assets and liabilities of the

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

CDOs. Subsequent to the adoption, the net change in fair value of the assets and liabilities of the CDOs will be recorded as net income (loss) attributable to noncontrolling interests and as an adjustment to appropriated retained earnings of consolidated investment entities. See Note 3 for additional information related to the application of the amended VIE consolidation model and the required disclosures.

Subsequent Events

In February 2010, the FASB amended the accounting standards related to the recognition and disclosure of subsequent events. The amendments remove the requirement to disclose the date through which subsequent events are evaluated for SEC filers. The standard is effective upon issuance and shall be applied prospectively. The Company adopted the standard in the first quarter of 2010. The adoption did not have any effect on the Company s consolidated results of operations and financial condition.

Fair Value

In January 2010, the FASB updated the accounting standards related to disclosures on fair value measurements. The standard expands the current disclosure requirements to include additional detail about significant transfers between Levels 1 and 2 within the fair value hierarchy and presents activity in the rollforward of Level 3 activity on a gross basis. The standard also clarifies existing disclosure requirements related to the level of disaggregation to be used for assets and liabilities as well as disclosures on the inputs and valuation techniques used to measure fair value. The standard is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements related to the Level 3 rollforward, which are effective for interim and annual periods beginning after December 15, 2010.
The Company adopted the standard in the first quarter of 2010, except for the additional disclosures related to the Level 3 rollforward, which the Company will adopt in the first quarter of 2011. The adoption did not have any effect on the Company s consolidated results of operations and financial condition.

Recognition and Presentation of Other-Than-Temporary Impairments (OTTI)

In April 2009, the FASB updated the accounting standards for the recognition and presentation of other-than-temporary impairments. The standard amends existing guidance on other-than-temporary impairments for debt securities and requires that the credit portion of other-than-temporary impairments be recorded in earnings and the noncredit portion of losses be recorded in other comprehensive income (loss) when the entity does not intend to sell the security and it is more likely than not that the entity will not be required to sell the security prior to recovery of its cost basis. The standard requires separate presentation of both the credit and noncredit portions of other-than-temporary impairments on the financial statements and additional disclosures. This standard is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. At the date of adoption, the portion of previously recognized other-than-temporary impairments that represent the noncredit related loss component shall be recognized as a cumulative effect of adoption with an adjustment to the opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income (loss). The Company adopted the standard in the first quarter of 2009 and recorded a cumulative effect increase to the opening balance of retained earnings of $132 million, net of DAC and DSIC amortization, certain benefit reserves and income taxes, and a corresponding increase to accumulated other comprehensive loss, net of impacts to DAC and DSIC amortization, certain benefit reserves and income taxes. See Note 4 for the required disclosures.

Future Adoption of New Accounting Standards

Receivables

In July 2010, the FASB updated the accounting standards for disclosures about the credit quality of financing receivables and the allowance for credit losses. The standard requires additional disclosure related to the credit quality of financing receivables, troubled debt restructurings and significant purchases or sales of financing receivables during the period. The standard requires that these disclosures and existing disclosures be presented on a disaggregated basis, similar to the manner that the entity uses to evaluate its credit losses. Disclosures of information as of the end of a reporting period are effective for interim and annual periods ending after December 15, 2010 and disclosures of activity that occurred during a reporting period are effective for interim and annual periods beginning after December 15, 2010. The Company is currently evaluating the impact of the standard on its disclosures. The Company s adoption of the standard will not impact its consolidated results of operations and financial condition.

How Investments Held through Separate Accounts Affect an Insurer s Consolidation Analysis of Those Investments

In April 2010, the FASB updated the accounting standards regarding accounting for investment funds determined to be VIEs. Under this standard an insurance enterprise would not be required to consolidate a voting-interest investment fund when it

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holds the majority of the voting interests of the fund through its separate accounts. In addition, the enterprise would not consider the interests held through separate accounts in evaluating its economic interests in a VIE, unless the separate account contract holder is a related party. The standard is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2010. The adoption of the standard is not expected to have a material impact on the Company s consolidated results of operations and financial condition.

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 for the investment of client assets in the normal course of business. 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.

Variable Interest Entities

A VIE is an entity that either has equity investors that lack certain essential characteristics of a controlling financial interest (including substantive voting rights, the obligation to absorb the entity s losses, or the rights to receive the entity s returns) or has equity investors that do not provide sufficient financial resources for the entity to support its activities. A VIE is required to be assessed for consolidation under two models:

• If the VIE is a money market fund or is an investment company, or has the financial characteristics of an investment company, and the following is true:

(i) the entity does not have an explicit or implicit obligation to fund the investment company s losses; and

(ii) the investment company is not a securitization entity, asset-backed financing entity, or an entity formally considered a qualifying special purpose entity,

then, the VIE will be consolidated by the entity that determines it stands to absorb a majority of the VIE s expected losses or to receive a majority of the VIE s expected residual returns. Examples of entities that are likely to be assessed for consolidation under this framework include hedge funds, property funds, private equity funds and venture capital funds.

- If the VIE does not meet the criteria above, the VIE will be consolidated by the entity that determines it has both:

(i) the power to direct the activities of a VIE that most significantly impact the VIE s economic performance; and

(ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company s CDOs are generally assessed for consolidation under this framework.

When determining whether the Company stands to absorb the majority of the VIE s expected losses or receive a majority of the VIE s expected returns, it analyzes the design of the VIE to identify the variable interests it holds. Then the Company quantitatively determines whether its variable interests will absorb a majority of the VIE s variability. If the Company determines it has control over the activities that most significantly impact the economic performance of the VIE and it will absorb a majority of the VIE s expected variability, the Company consolidates the VIE. The calculation of variability is based on an analysis of projected probability-weighted cash flows based on the design of the particular VIE. When determining whether the Company has the power and the obligation to absorb losses or rights to receive benefits from the VIE that could potentially be significant, the Company qualitatively determines if its variable interests meet these criteria. If the Company consolidates a VIE under either scenario, it is referred to as the VIE s primary beneficiary.

Investment Entities

Collateralized Debt Obligations

The Company provides collateral management services to CDOs which 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 the CDOs collateralize 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 taking 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 significant benefits or the potential obligation

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

to absorb significant losses. 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.

Other Investment Products

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 RiverSource, 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. See Note 4 for additional information about these structured investments.

The Company s maximum exposure to loss as a result of its investment in structured investments 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.

The following tables reflect the impact of consolidated investment entities on the Consolidated Balance Sheet as of June 30, 2010 and the Consolidated Statements of Operations for the three and six months ended June 30, 2010:

	June 30, 2010	
	Before	Consolidated

	Consolidation		Investment Entities		Eliminations		Total	
			(in millions)					
Total assets	$	114,413	$	6,784	$	(87)	$	121,110
Total liabilities		104,511		5,480				109,991
Total Ameriprise Financial shareholders equity		9,902		683		(87)		10,498
Noncontrolling interests equity				621				621
Total liabilities and equity	$	114,413	$	6,784	$	(87)	$	121,110

	Three Months Ended June 30, 2010							
	Before Consolidation		Consolidated Investment Entities		Eliminations		Total	
			(in millions)					
Total net revenues	$	2,386	$	201	$	(10)	$	2,577
Total expenses		2,059		62		(10)		2,111
Pretax income		327		139				466
Income tax provision		68						68
Net income		259		139				398
Net income attributable to noncontrolling interests				139				139
Net income attributable to Ameriprise Financial	$	259	$		$		$	259

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Six Months Ended June 30, 2010			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
	(in millions)			
Total net revenues	$ 4,530	$ 337	$ (19)	$ 4,848
Total expenses	3,924	116	(19)	4,021
Pretax income	606	221		827
Income tax provision	133			133
Net income	473	221		694
Net income attributable to noncontrolling interests		221		221
Net income attributable to Ameriprise Financial	$ 473	$	$	$ 473

The following tables present the balances of assets and liabilities held by consolidated investment entities at June 30, 2010 measured at fair value on a recurring basis:

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments				
Corporate debt securities	$	$ 442	$ 6	$ 448
Common stocks	2	56		58
Other structured investments		37	10	47
Syndicated loans		4,843		4,843
Trading securities		41		41
Total investments	2	5,419	16	5,437
Receivables		45		45
Other assets		3	682	685
Total assets at fair value	$ 2	$ 5,467	$ 698	$ 6,167
Liabilities				
Debt			5,048	5,048
Other liabilities		151		151
Total liabilities at fair value	$	$ 151	$ 5,048	$ 5,199

	December 31, 2009			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments				
Trading securities	$	$ 36	$	$ 36
Total investments		36		36
Other assets		2	831	833

Total assets at fair value	$		$	38	$	831	$	869
Liabilities								
Other liabilities				30				30
Total liabilities at fair value	$		$	30	$		$	30

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables provide a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis as of June 30:

	2010				2009
	Corporate Debt Securities	Other Structured Investments	Other Assets	Debt	Other Assets
			(in millions)		
Balance, April 1	$ 15	$ 6	$ 870	$ (5,144)	$ 262
Cumulative effect of accounting change					
Total gains (losses) included in:					
Net income	(1)(1)	(1)(1)	(34)(2)	77(1)	(15)(3)
Comprehensive income			(14)		39
Purchases, sales, issuances and settlements, net	(8)	5	(140)	19	55
Balance, June 30	$ 6	$ 10	$ 682	$ (5,048)	$ 341
Changes in unrealized gains (losses) included in income relating to assets held at June 30	$ (1)	$ (1)	$ (5)(4)	$ 77(1)	$ (15)(3)

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

(2) Represents a $33 million loss included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

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

(4) Represents a $4 million loss included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

	2010				2009
	Corporate Debt Securities	Other Structured Investments	Other Assets	Debt	Other Assets
			(in millions)		
Balance, January 1	$	$	$ 831	$	$ 287
Cumulative effect of accounting change	15	5		(4,962)	
Total gains (losses) included in:					
Net income	(1)(1)	1(1)	21(2)	(106)(1)	(34)(3)
Comprehensive income			(64)		33
Purchases, sales, issuances and settlements, net	(8)	4	(106)	20	55
Balance, June 30	$ 6	$ 10	$ 682	$ (5,048)	$ 341
Changes in unrealized gains (losses) included in income relating to assets held at June 30	$ (1)	$ 1(1)	$ 50(4)	$ (106)(1)	$ (29)(3)

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

(2) Represents a $22 million gain included in other revenue and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

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

(4) Represents a $51 million gain included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

The Company has elected the fair value option within the consolidation standards issued June 2009 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.

For receivables, other assets and other liabilities of the consolidated CDOs, the carrying value approximates fair value as the nature of these assets and liabilities have historically been short term and the receivables have been collectible. The fair value of these assets and liabilities is classified as Level 2. The fair value of syndicated loans is obtained from nationally-recognized pricing services and is classified as Level 2. Other assets consist primarily of properties held in consolidated pooled investment vehicles managed by Threadneedle. The fair value of these properties is determined using discounted cash flows and market comparables. Inputs into the valuation of these properties 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. Given the significance of the unobservable inputs to these measurements, these assets are classified as Level 3. The fair value of the CDO s debt is valued using a discounted cash flow methodology. Inputs used to determine the expected cash flows include assumptions about default and recovery rates of the CDO s underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the CDO debt is classified as Level 3. Other liabilities consist primarily of short securities held in consolidated hedge funds. The fair value of these

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

securities is obtained from nationally-recognized pricing services and is classified as Level 2. See Note 10 for a description of the Company s determination of the fair value of investments.

The following table presents the fair value and unpaid principal balance of assets and liabilities carried at fair value under the fair value option as of June 30, 2010:

		(in millions)
Syndicated loans		
Unpaid principal balance	$	5,226
Excess unpaid principal over fair value		(383)
Fair value	$	4,843
Fair value of loans more than 90 days past due		181
Fair value of loans in non-accrual status		162
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in non-accrual status or both		83
Debt		
Unpaid principal balance		6,002
Excess unpaid principal over fair value		(954)
Carrying value at estimated fair value	$	5,048

Interest income from 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 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 gains and losses 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 $100 million and $128 million for the three months and six months ended June 30, 2010, 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 as of June 30, 2010 were as follows:

		Carrying Value (in millions)	Stated Interest Rate
Debt of consolidated CDOs due 2012-2021	$	5,048	1.0%

Floating rate revolving credit borrowings due 2014		183	5.9
Floating rate revolving credit borrowings due 2014		38	5.0
Floating rate revolving credit borrowings due 2015		27	4.9
Total	$	5,296	

The debt of the consolidated CDOs has both fixed and floating interest rates. The stated interest rate of the debt of consolidated CDOs is a weighted average rate based on the principal and stated interest rate according to the terms of each CDO structure, which range from 0% to 14.1%. The carrying value of the debt of the consolidated CDOs represents the fair value of the aggregate debt as of June 30, 2010. The carrying value of the floating rate revolving credit borrowings represent the outstanding principal amount of debt of certain consolidated pooled investment vehicles managed by Threadneedle. The fair value of this debt was $248 million as of June 30, 2010.

At June 30, 2010, future maturities of debt were as follows:

		(in millions)
2011	$	
2012		21
2013		150
2014		221
2015		383
Thereafter		5,475
Total future maturities	$	6,250

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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:

	June 30, 2010	December 31, 2009
	(in millions)	
Available-for-Sale securities, at fair value	$ 32,216	$ 32,546
Commercial mortgage loans, net	2,631	2,663
Trading securities	547	556
Policy loans	725	720
Other investments	407	453
Total	$ 36,526	$ 36,938

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

	June 30, 2010				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI (1)
			(in millions)		
Corporate debt securities	$ 14,855	$ 1,279	$ (56)	$ 16,078	$ 10
Residential mortgage backed securities	7,497	372	(396)	7,473	(149)
Commercial mortgage backed securities	4,369	314	(2)	4,681	
Asset backed securities	1,921	90	(45)	1,966	(17)
State and municipal obligations	1,605	66	(63)	1,608	
U.S. government and agencies obligations	168	10		178	
Foreign government bonds and obligations	93	17		110	
Common and preferred stocks	53	2	(7)	48	
Other debt obligations	74			74	
Total	$ 30,635	$ 2,150	$ (569)	$ 32,216	$ (156)

	December 31, 2009				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI (1)
			(in millions)		
Corporate debt securities	$ 15,336	$ 894	$ (107)	$ 16,123	$ 12
Residential mortgage backed securities	8,050	218	(498)	7,770	(152)
Commercial mortgage backed securities	4,437	196	(20)	4,613	

Asset backed securities	1,984	72	(62)	1,994	(18)
State and municipal obligations	1,472	21	(76)	1,417	
U.S. government and agencies obligations	379	9	(1)	387	
Foreign government bonds and obligations	95	14	(1)	108	
Common and preferred stocks	52	1	(10)	43	
Other structured investments	22	36		58	21
Other debt obligations	33			33	
Total	$ 31,860	$ 1,461	$ (775)	$ 32,546	$ (137)

(1) Represents the amount of other-than-temporary impairment 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 both June 30, 2010 and December 31, 2009, fixed maturity securities comprised approximately 88% of Ameriprise Financial investments. These securities were rated by Moody s Investors Service (Moody s), Standard & Poor s Ratings Services (S&P) and Fitch Ratings Ltd. (Fitch), except for approximately $1.3 billion and $1.2 billion of securities at June 30, 2010 and December 31, 2009, respectively, which were rated by the Company s internal analysts using criteria similar to Moody s, S&P and Fitch. Ratings on fixed maturity securities are presented using the median of ratings from Moody s, S&P and Fitch. If only two of the ratings are available, the lower rating is used. A summary of fixed maturity securities by rating was as follows:

Ratings	June 30, 2010 Amortized Cost	June 30, 2010 Fair Value	June 30, 2010 Percent of Total Fair Value	December 31, 2009 Amortized Cost	December 31, 2009 Fair Value	December 31, 2009 Percent of Total Fair Value
	(in millions, except percentages)					
AAA	$ 12,367	$ 13,091	41%	$ 13,003	$ 13,396	41%
AA	1,746	1,840	6	1,616	1,601	5
A	4,329	4,579	14	4,778	4,910	15
BBB	10,019	10,900	34	10,261	10,802	33
Below investment grade	2,121	1,758	5	2,150	1,794	6
Total fixed maturities	$ 30,582	$ 32,168	100%	$ 31,808	$ 32,503	100%

At June 30, 2010 and December 31, 2009, approximately 31% and 34%, 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:

	June 30, 2010								
	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	89	$ 471	$ (17)	91	$ 651	$ (39)	180	$ 1,122	$ (56)
Residential mortgage backed securities	39	533	(6)	165	809	(390)	204	1,342	(396)
Commercial mortgage backed securities	14	76		3	40	(2)	17	116	(2)
Asset backed securities	14	143	(3)	33	160	(42)	47	303	(45)
State and municipal obligations	30	112	(1)	114	355	(62)	144	467	(63)
U.S. government and agencies obligations	1	43					1	43	
Foreign government bonds and obligations	2	1					2	1	

Common and preferred stocks	2			3	43	(7)	5	43	(7)
Other structured investments				6			6		
Total	191	$ 1,379	$ (27)	415	$ 2,058	$ (542)	606	$ 3,437	$ (569)

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	December 31, 2009								
	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	139	$ 1,095	$ (18)	193	$ 1,368	$ (89)	332	$ 2,463	$ (107)
Residential mortgage backed securities	80	1,566	(51)	172	904	(447)	252	2,470	(498)
Commercial mortgage backed securities	37	373	(4)	36	348	(16)	73	721	(20)
Asset backed securities	16	126	(3)	38	207	(59)	54	333	(62)
State and municipal obligations	64	318	(10)	135	389	(66)	199	707	(76)
U.S. government and agencies obligations	5	133	(1)				5	133	(1)
Foreign government bonds and obligations				2	4	(1)	2	4	(1)
Common and preferred stocks	2			3	39	(10)	5	39	(10)
Other structured investments				6			6		
Total	343	$ 3,611	$ (87)	585	$ 3,259	$ (688)	928	$ 6,870	$ (775)

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 credit spreads. The primary driver of lower unrealized losses at June 30, 2010 was the decline of interest rates during the period.

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 (loss):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(in millions)			
Beginning balance of credit losses on securities held for which a portion of other-than-temporary impairment was recognized in other comprehensive income	$ 290	$ 282	$ 263	$ 258
Additional amount related to credit losses for which an other-than-temporary impairment was not previously recognized			15	8
Reductions for securities sold during the period (realized)		(3)		(3)
Additional increases to the amount related to credit losses for which an other-than-temporary impairment was previously recognized	1	31	13	47
Ending balance of credit losses on securities held as of June 30 for which a portion of other-than-temporary impairment was recognized in other	$ 291	$ 310	$ 291	$ 310

comprehensive income

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, 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.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

	Net Unrealized Securities Gains (Losses)	Deferred Income Tax	Accumulated Other Comprehensive Income (Loss) Related to Net Unrealized Securities Gains (Losses)
		(in millions)	
Balance at January 1, 2009	$ (1,478)	$ 517	$ (961)
Cumulative effect of accounting change	(203)(1)	71	(132)
Net unrealized securities gains arising during the period (3)	1,499	(525)	974
Reclassification of gains included in net income	(31)	11	(20)
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables	(280)	98	(182)
Balance at June 30, 2009	$ (493)	$ 172	$ (321)(2)
Balance at January 1, 2010	$ 474	$ (164)	$ 310
Net unrealized securities gains arising during the period (3)	898	(315)	583
Reclassification of gains included in net income	(8)	3	(5)
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables	(305)	107	(198)
Balance at June 30, 2010	$ 1,059	$ (369)	$ 690(2)

(1) Amount represents the cumulative effect of adopting a new accounting standard on January 1, 2009. See Note 2 for additional information on the adoption impact.

(2) At June 30, 2010 and 2009, Accumulated Other Comprehensive Income Related to Net Unrealized Securities Gains included $(82) million and $(97) million, respectively, of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities.

(3) Net unrealized securities gains arising during the period include 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.

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

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(in millions)		(in millions)	
Gross realized gains from sales	$ 7	$ 57	$ 40	$ 109
Gross realized losses from sales		(11)	(1)	(12)

Other-than-temporary impairments related to credit	(1)	(31)	(31)	(63)

The other-than-temporary impairments for the three months and six months ended June 30, 2010 primarily related to credit losses on non-agency residential mortgage backed securities. The other-than-temporary impairments for the three months and six months ended June 30, 2009 related to credit losses on non-agency residential mortgage backed securities and corporate debt securities primarily in the gaming industry.

Available-for-Sale securities by contractual maturity at June 30, 2010 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 1,714	$ 1,750
Due after one year through five years	6,176	6,496
Due after five years through 10 years	4,773	5,269
Due after 10 years	4,132	4,533
	16,795	18,048
Residential mortgage backed securities	7,497	7,473
Commercial mortgage backed securities	4,369	4,681
Asset backed securities	1,921	1,966
Common and preferred stocks	53	48
Total	$ 30,635	$ 32,216

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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 and preferred stocks, were not included in the maturities distribution.

Trading Securities

Net recognized gains related to trading securities held at June 30, 2010 and 2009 were $9 million and $19 million, respectively, for the six months then ended.

5. Deferred Acquisition Costs and Deferred Sales Inducement Costs

The balances of and changes in DAC were as follows:

	2010	2009
	(in millions)	
Balance at January 1	$ 4,334	$ 4,383
Capitalization of acquisition costs	233	366
Amortization	(289)	(161)
Impact of change in net unrealized securities gains	(155)	(227)
Balance at June 30	$ 4,123	$ 4,361

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

	2010	2009
	(in millions)	
Balance at January 1	$ 524	$ 518
Capitalization of sales inducement costs	26	39
Amortization	(35)	(6)
Impact of change in net unrealized securities gains	(22)	(33)
Balance at June 30	$ 493	$ 518

6. Future Policy Benefits and Claims and Separate Account Liabilities

Future policy benefits and claims consisted of the following:

	June 30, 2010	December 31, 2009
	(in millions)	
Fixed annuities	$ 16,633	$ 16,558
Equity indexed annuities (EIA) accumulated host values	123	159
EIA embedded derivatives	3	9
Variable annuity fixed sub-accounts	4,918	6,127
Variable annuity guaranteed minimum withdrawal benefits (GMWB)	842	204
Variable annuity guaranteed minimum accumulation benefits (GMAB)	247	100
Other variable annuity guarantees	14	12
Total annuities	22,780	23,169
Variable universal life (VUL)/ universal life (UL) insurance	2,643	2,595
Other life, disability income and long term care insurance	4,744	4,619
Auto, home and other insurance	392	380
Policy claims and other policyholders funds	118	123
Total	$ 30,677	$ 30,886

Separate account liabilities consisted of the following:

	June 30, 2010	December 31, 2009
	(in millions)	
Variable annuity variable sub-accounts	$ 49,176	$ 48,982
VUL insurance variable sub-accounts	4,989	5,239
Other insurance variable sub-accounts	41	46
Threadneedle investment liabilities	3,823	3,862
Total	$ 58,029	$ 58,129

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

7. Variable Annuity and Insurance Guarantees

The majority of the variable annuity contracts offered by the Company contain guaranteed minimum death benefit (GMDB) provisions. The Company also offers variable annuities with death benefit provisions that gross up the amount payable by a certain percentage of contract earnings, which are referred to as gain gross-up (GGU) benefits. In addition, the Company offers contracts with GMWB and GMAB provisions. The Company previously offered contracts containing guaranteed minimum income benefit (GMIB) provisions.

Certain universal life contracts offered by the Company provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

The following table provides information related to variable annuity guarantees for which the Company has established additional liabilities:

	June 30, 2010				December 31, 2009			
Variable Annuity Guarantees by Benefit Type(1)	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk(2)	Weighted Average Attained Age	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk(2)	Weighted Average Attained Age
	(in millions, except age)							
GMDB:								
Return of premium	$ 31,381	$ 29,706	$ 1,420	62	$ 30,938	$ 28,415	$ 974	61
Five/six-year reset	12,781	10,209	1,117	62	13,919	11,223	929	61
One-year ratchet	6,839	6,311	1,030	63	7,081	6,400	873	63
Five-year ratchet	1,249	1,196	59	60	1,256	1,171	38	59
Other	528	497	120	67	549	516	95	67
Total GMDB	$ 52,778	$ 47,919	$ 3,746	62	$ 53,743	$ 47,725	$ 2,909	61
GGU death benefit	$ 845	$ 783	$ 71	64	$ 853	$ 775	$ 70	63
GMIB	$ 559	$ 518	$ 158	64	$ 628	$ 582	$ 126	63
GMWB:								