Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

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Our operations and financial results are subject to various risks and uncertainties, including those described below, that could have a material adverse effect on our business, financial condition or results of operations and could cause the trading price of our common stock to decline. We believe that the following information identifies the material factors affecting our company based on the information we currently know. However, the risks and uncertainties our company faces are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. Market Risks Our results of operations and financial condition may be adversely affected by market fluctuations and by economic, political and other factors. Our results of operations and financial condition may be materially affected by market fluctuations and by economic and other factors. Such factors, which can be global, regional, national or local in nature, include: (i) the level and volatility of the markets, including equity prices, interest rates, commodity prices, currency values and other market indices and drivers; (ii) geopolitical strain, terrorism and armed conflicts, (iii) political ~~,~~ **dynamics or elections and** social, economic and market conditions; (iv) the availability and cost of capital; (v) **global health emergencies (such as** the ~~ongoing~~ coronavirus disease 2019 (" COVID- 19 ") pandemic **)** ~~or other global health emergencies~~ ; (vi) technological changes and **IndexAmeriprise Financial, Inc.** events; (vii) U. S. and foreign government fiscal and tax policies; (viii) U. S. and foreign government ability, real or perceived, to avoid defaulting on government securities; (ix) the availability and cost of credit and hedge markets; (x) ~~the ongoing~~ **periods of elevated** ~~inflationary~~ --- **inflation** ~~environment~~ ; (xi ~~) investor sentiment and confidence in the financial markets; and (xii~~) natural disasters such as weather catastrophes **;** and ~~widespread health emergencies~~ **(xii) other factors affecting investor sentiment and confidence in the financial markets** . Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, decreases in property values, and the level of consumer confidence and consumer debt, may substantially affect consumer loan levels and credit quality, which, in turn, could impact client activity in all of our businesses. These factors also may have an impact on our ability to achieve our strategic objectives **or to pay dividends or otherwise return capital from our subsidiaries to our holding company** . Declines and volatility in U. S. and global market conditions (such as those that resulted from the COVID- 19 pandemic and subsequent economic environment **, from other recent geopolitical tensions or from situations like the 2023 regional bank crisis**) have impacted our businesses in the past, are impacting us now and may ~~do so again~~ **continue to impact us in the same, new or different ways in the future** . Our businesses have been, and in the future may be, adversely affected by U. S. and global capital market and credit crises, the repricing of credit risk, equity market volatility and decline, and stress or recession in the U. S. and global economies generally. Each of our segments operates in these markets with exposure for us and our clients in securities, loans, derivatives, alternative investments, seed capital and other commitments. It is difficult to predict when, how long and to what extent the aforementioned adverse conditions will exist, which of our markets, products and businesses will be directly affected and to what extent our clients may seek to bring claims arising out of investment performance that is affected by these conditions. As a result, these factors could materially adversely impact our financial condition and results of operations. These factors will also impact client behavior. Market downturns, stagnation, and volatility may cause, and have caused, individual investors to limit or decrease their participation in global markets negatively impacting our retail business and / or our product sales. Market conditions, regulatory actions, tax laws, and our competitive industry environment are among the reasons current shareholders in our mutual funds, OEICs, SICAVs, unit trusts, investment trusts and other pooled investment vehicles, contractholders in our annuity products and policyholders in our protection products may opt to withdraw cash values for those products (or for certain protection products, to reduce their withdrawal activity). If we are unable to offer appropriate product alternatives which encourage customers to continue purchasing in the face of actual or perceived market volatility, our sales and management fee revenues could decline. Downturns and volatility in markets (including equity, fixed income, real estate, **alternatives such as** infrastructure **and private equity** and other markets) have had, and may in the future have, an adverse effect on the revenues and returns from our asset management services, retail advisory accounts, variable annuity contracts, banking products and other products. Because the profitability of these products and services depends on fees related primarily to the value of assets under management, declines in the markets will reduce our revenues because the value of the investment assets we manage will be reduced. In addition, a significant portion of our revenue is derived from investment management agreements with the Columbia Management family of mutual funds which are terminable on 60 days' notice. Although some contracts governing investment management services are subject to termination for failure to meet performance benchmarks, institutional and individual clients can **generally** terminate their relationships with us or our financial advisors at will or on relatively short notice. Further, a number of the products and services we make available to our clients are those offered by third parties and negative perceptions of these financial products and services (or the financial industry in general) may impact the number of withdrawals and redemptions or reduce purchases made by our clients, which would adversely impact the levels of our assets under management. Our clients can also reduce the aggregate amount of managed assets or shift their funds to other types of accounts with different **fee** rate structures, for any number of reasons, including investment performance, changes in prevailing interest rates, changes in investment preferences or investment management strategy (for example, " active " or " passive " investing styles **or the proliferation of exchange traded funds (" ETFs ") or other vehicles like separately managed accounts (" SMAs ")**), changes in our (or our advisors') reputation in the marketplace, **a client' s view of** ESG factors, changes in client or relationship management, loss of key investment management personnel and financial market performance. This reduction in managed assets, and the associated decrease in revenues and earnings, could have a material adverse effect on our business. Most of our variable annuity products contain guaranteed minimum death benefits and a majority of our variable annuity products in force contain guaranteed minimum withdrawal and accumulation benefits. Decline or volatility in equity and / or bond markets could result in guaranteed minimum benefits being higher than what current account values would support, which would adversely affect our financial condition and results of operations. Discontinuing the sale of new fixed annuities and variable annuities with living benefits will lessen this risk over time. Although we have hedged a portion of the guarantees for the variable annuity contracts to mitigate the financial loss of equity and / or bond market declines or volatility, there can be no assurance that such a decline or volatility would not materially impact the profitability of certain products or product lines or our financial condition or results of operations. **For example, market fluctuations will impact our statutory reserves and required capital, and that may not be aligned with the hedging impacts.** Further, the cost of hedging our liability for these guarantees has increased as a result of ~~volatility in the equity markets, as well as~~ broad- based market and regulatory- driven changes in the collateral requirements of hedge trading counterparties ~~. In addition, heightened volatility (and the transition away from LIBOR as a widely accepted interest rate reference) creates greater uncertainty for future hedging effectiveness~~. Changes in interest rates may affect our results of operations and financial condition. Certain of our insurance, annuity, investment products, wrap fees and banking products are sensitive to interest rate fluctuations (inclusive of changes in credit spreads), which could cause future impacts associated with such fluctuations to differ from our historical costs. In addition, interest rate fluctuations could result in fluctuations in the valuation of certain minimum guaranteed benefits contained in some of our variable annuity products, something we saw as a result of volatility that resulted from the COVID- 19 pandemic. Although we typically hedge to mitigate some of the effect of such fluctuations, significant changes in interest rates (or prolonged periods of low interest rates) could have a material adverse impact on the profitability of certain products or product lines or our results of operations or financial condition. In addition, as rates increase, the posting of collateral for liquidity needs will also increase as a result of the hedging of variable annuity products. Depending on how rapidly rates increase and other factors, we may need to access liquidity sources that are more costly, which could have a material adverse impact on profitability or our results of operations or financial condition. Interest rate fluctuations also could have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates or stagnancy of low interest rates, the interest we receive on variable interest rate investments decreases and we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high- grade instruments or in lower- credit instruments to maintain comparable returns. Issuers of certain callable fixed income securities also may decide to prepay their obligations in order to borrow at lower market rates, which increases the risk that we may have to reinvest the cash proceeds of these securities in lower- yielding or lower- credit instruments. If there is a return to a period of prolonged low interest rates, our spread may be reduced or could become negative. Due to the long- term nature of the liabilities associated with certain of our businesses, such as long term care and universal life with secondary guarantees as well as guaranteed benefits on variable annuities, sustained declines in or stagnancy of low long- term interest rates may subject us to reinvestment risks and increased hedging costs. We periodically review and, where appropriate, adjust our assumptions. As market interest rates increase **or sustain at relatively higher rates** , we may ~~offer~~ **credit clients** higher ~~crediting~~ rates on interest- sensitive products, such as universal life insurance ~~and~~ **,** face- amount certificates, and **banking products and** we may increase ~~crediting~~ **these** rates on in force products to keep these products competitive (which could have an adverse effect on our financial condition and results of operations). Because yields on invested assets may not increase as quickly as current interest rates, we may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, increases in market interest rates **would further increase the unrealized loss position of our investment portfolio and** may cause **outflows and other negative impacts through** increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, or changes in demands of certain bank or certificate products as policyholders, contractholders and clients seek to shift assets to products with perceived higher returns. This process may lead to an earlier than expected outflow of cash from **many different areas of** our business. These withdrawals ~~and~~ **,** surrenders **and other client actions** may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in investment losses **to be realized in our results of operations** . Also, increases in market interest rates may result in extension of certain cash flows from structured mortgage assets. An increase in policy surrenders and withdrawals also may require us to accelerate amortization of deferred acquisition costs (“ DAC ”) or other intangibles or cause an impairment of goodwill, which would increase our expenses and reduce our net earnings in the period. If higher market interest rates lead to inflows into interest- sensitive products (such as face- amount certificates and certain banking products) or other changes in product behavior, our capital requirements may increase as well. Adverse capital and credit market conditions or a downgrade in our credit ratings may significantly affect our ability to meet liquidity needs, our access to capital and our cost of capital. Volatility, uncertainty and disruption in the capital and credit markets may decrease available liquidity, which we may need to pay our expenses and dividends. If the market conditions hinder our availability to obtain capital **or liquidity** , our business could suffer. Our liquidity needs are satisfied primarily through our reserves and the cash generated by our operations. We believe the level of cash and securities we maintain, combined with expected cash inflows from investments and operations, is adequate to meet anticipated short- term and long- term payment obligations. In the event current resources are insufficient to satisfy our needs, we may access financing sources such as **our committed unsecured revolving credit facility or other** bank debt. Additional financing depends on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, actions by our regulators, and perceptions held by shareholders, customers or lenders. Further, the financial strength ratings which various rating organizations publish as a measure of an insurance company’ s ability to meet contractholder and policyholder obligations, are important to maintain public confidence in our products, our competitive position, and the ability to market our products. Any future downgrade in our financial strength ratings, or the announced potential for a downgrade, could potentially have a significant adverse effect on our financial condition and results of operations in many ways, including: (i) reducing new sales of insurance and annuity products and investment products; (ii) adversely affecting our relationships with our advisors and third- party distributors of our products; (iii) materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders; (iv) requiring us to reduce prices for many of our products and services to remain competitive; and (v) adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance. Ratings agencies have and may continue to increase the frequency and scope of their credit reviews, adjust upward the capital and other requirements employed in the rating organizations' models for maintenance of ratings levels (including adjusting the framework under which they view our Company' s business mix that drives these requirements), or downgrade ratings applied to particular classes of securities or types of institutions, and our ratings could be changed at any time and without any notice by the rating organizations. **In addition, rating agencies continually evolve their ratings and other methodologies, and these changes can be to our detriment or benefit and have a material impact on how we view our liquidity and capital.** Market conditions or decisions by our ratings agencies that hinder our access to capital may limit our ability to satisfy statutory capital targets, generate fee income and market- related revenue to meet liquidity needs and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue different types of capital than we would otherwise, less effectively deploy such capital, or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility. Business Risks Intense competition and the economies of scale for larger competitors could negatively impact our ability to maintain or increase our market share and profitability. Our businesses operate in intensely competitive industries, including broker- dealers, banks, asset managers, insurers and other financial institutions, some of which have a larger market share, greater investments in technology and analytics, greater investment in advertising and brand, less regulation or greater financial resources than we do. Furthermore, our competitors may be better able to address trends, structural changes, or movement of assets resulting from industry changes **or** in response to the uncertain regulatory environment in the U. S. and around the world. We could experience lower sales, higher costs, technology obsolescence or other developments that could negatively impact our results of operations. A drop in our investment performance as compared to that of our competitors could negatively impact our revenues and profitability. Investment performance is a key competitive factor for our retail and institutional asset management products and services. Strong investment performance **supports** ~~helps to ensure~~ the retention of our products and services by our clients and creates **opportunities for** new sales of products and services. It may also result in higher ratings by ratings services such as Morningstar or Lipper, which may compound the foregoing effects. Strong investment performance and its effects are important elements to our stated goals of growing assets under management and greater economies of scale. There can be no assurance as to how future investment performance will compare to our competitors or that historical performance will be indicative of future returns. Any drop or perceived drop in investment performance as compared to our competitors could cause a decline in sales of our mutual funds and other investment products, an increase in redemptions and the termination of institutional asset management relationships. These impacts may reduce our aggregate amount of assets under management and reduce management fees. Poor investment performance could also adversely affect our ability to expand the distribution of our products through unaffiliated third parties. Further, any drop in market share of mutual funds sales by our advisors **or through third party intermediaries,** may further reduce profits as sales of other companies' mutual funds are less profitable than sales of our proprietary funds. We face intense competition in attracting and retaining key talent. Our continued success depends to a substantial degree on our ability to attract, motivate, engage and retain qualified people in a very competitive market. ~~The~~ **While we are seeing the employment market stabilize compared to recent years, the** financial services industry has always been a highly competitive industry ~~; however, we are currently experiencing a surge in labor market activity~~ . ~~Higher turnover, fewer~~ **Fewer** individuals entering the labor force, increased demand for flexibility and fully remote work, and wage sensitivity due to the inflationary environment ~~have resulted in~~ **put pressure on** labor ~~shortages, increased~~ costs ~~of labor,~~ and **add** complexity in recruiting and retaining talent. We continue to assess risk and invest in our employees to remain competitive **and have continued to diversify our geographic footprint** , however, we also recognize that the possibility of increased turnover may impact our ability to attract, support and retain clients **and advisors** . We are also dependent on our network of advisors to drive growth and results in our wealth management business ~~,~~ **(** and for a significant portion of the sales of our products ~~,~~ **)** and ~~the~~ recruiting ~~environment for~~ **and retaining** financial advisors is highly competitive **and ever- changing** . In addition, the investment performance of our asset management products and services, and the retention of our products and services by our clients, are dependent upon the strategies and decisions of our portfolio managers and analysts. From time to time there are regulatory- driven or other trends and developments within the industry, such as changes around the Protocol for Broker Recruiting or the recent proposal by the Federal Trade Commission (and similar state proposals and general scrutiny) around non- competition **or non- solicitation** agreements, that could potentially impact the dynamics between us and our competitors or negatively impact our business. If employees or advisors who maintain relationships with our clients leave, we may not be able to retain valuable relationships and our clients may choose to leave for a competitor. If we experience a prolonged inability to attract and retain qualified individuals or our recruiting and retention costs increase significantly, our financial condition and results of operations could be materially adversely impacted. The negative performance or default by other financial institutions or other third parties could adversely affect us. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including broker- dealers, commercial banks, investment banks, hedge funds, insurers, reinsurers, investment funds and other institutions. The operations of U. S. and global financial services institutions are interconnected and a decline in the financial condition of one or more financial services institutions may expose us to credit losses or defaults, limit our access to liquidity or otherwise disrupt the operations of our businesses. While we regularly assess our exposure to different industries and counterparties, the performance and financial strength of specific institutions are subject to rapid change, the timing and extent of which cannot be known. Many transactions with and investments in the products and securities of other financial institutions expose us to credit risk in the event of default of our counterparty. With respect to secured transactions, our credit risk may be exacerbated when the collateral we hold cannot be realized upon or is liquidated at prices insufficient to recover the full amount of the loan or derivative exposure. We also have exposure to financial institutions in the form of unsecured debt instruments, derivative transactions (including with respect to derivatives hedging our exposure on variable annuity contracts with guaranteed benefits), reinsurance, repurchase and underwriting arrangements and equity investments. Any such losses or impairments to the carrying value of these assets could materially and adversely impact our business and results of operations. Issuers of the fixed maturity securities that we own may default on principal and interest payments. Some of our fixed maturity securities may have ratings below investment- grade. Default- related declines in the value of our fixed maturity securities portfolio or consumer credit holdings could cause our net earnings to decline and could also cause us to contribute capital to some of our regulated subsidiaries, which may require us to obtain funding during periods of unfavorable market conditions. Capital and credit market volatility or a sudden devaluation of a specific product or security (such as ~~happened with cryptocurrency~~ **the broad impacts experienced from the 2023 regional bank crisis**) can exacerbate, and has exacerbated, the risk of third- party defaults, bankruptcy filings, foreclosures, legal actions and other events that may limit the value of or restrict our access and our clients' access to cash and investments. Although we are not required to do so, we have elected in the past, and we may elect in the future, to compensate clients for losses incurred in response to such events, provide clients with temporary credit or liquidity or other support related to products that we manage, or provide credit liquidity or other support to the financial products we manage. If we elect to provide additional support, we could incur losses from the support we provide and incur additional costs, including financing costs, in connection with the support. These losses and additional costs could be material and could adversely impact our results of operations. If we were to take such actions we may also restrict or otherwise utilize our corporate assets, limiting our flexibility to use these assets for other purposes, and may be required to raise additional capital. We may not be able to maintain our unaffiliated third- party distribution channels and the sale of unaffiliated products may diminish sales of our own products. We distribute many of our investment products through unaffiliated third- party advisors and financial institutions. Maintaining and deepening relationships with these unaffiliated distributors is an important part of our growth strategy, as strong third- party distribution arrangements enhance our ability to market our products or service our clients and to increase our assets under management, revenues and profitability. Access to distribution channels is subject to intense competition due to the large number of competitors and products in the investment advisory industry as well as regulatory and consumer trends driving escalating compliance, disclosure and risk management requirements for distributors. Relationships with our distributors are subject to periodic negotiation that may result in increased distribution costs and / or reductions in the amount of our products marketed. As a result, there can be no assurance that the distribution relationships we have established will continue. Any such reduction in access to **(or the economics associated with)** third- party distributors may have a material adverse effect on our ability to market our products and to generate revenue in our Advice & Wealth Management and Asset Management segments. Further, any increase in the costs to distribute our products or reduction in the type or amount of products made available for sale may have a material effect on our revenues and profitability. The sale of third- party products to our clients (and further expansion of our advisor network' s product suite to include additional products of unaffiliated insurance companies and asset managers) may lower sales of our companies' own products, lead to higher surrenders or redemptions, or other developments which might not be fully offset by higher distribution revenues or other benefits, possibly resulting in an adverse effect on our results of operations. Our valuation of fixed maturity and equity securities may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely impact our results of operations or financial condition. Fixed maturity, equity, trading securities and short- term investments, which are reported at fair value on the Consolidated Balance Sheets, represent the majority of our total cash and invested assets. The determination of fair values by management in the absence of quoted market prices is based on valuation methodologies, securities we deem to be comparable, and assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. Factors considered in estimating fair value include: coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer, current interest rates and credit spreads, and quoted market prices of comparable securities. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts. During periods of market disruption, including periods of significantly rising or high interest rates and rapidly widening credit spreads or illiquidity, it may be difficult to value certain of our securities. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the financial environment. In such cases, the valuation of certain securities may require additional subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable and may require greater estimation as well as valuation methods that are more sophisticated, which may result in values less than the value at which the investments may be ultimately sold. Further, rapidly changing and unexpected credit and equity market conditions could materially impact the valuation of securities as reported within our consolidated financial statements and the period- to- period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition. The determination of the amount of allowances taken on certain loans and investments is subject to management' s evaluation and judgment and could materially impact our results of operations or financial position. The determination of the amount of allowances varies by investment type and is based upon our periodic evaluation and assessment of inherent and known risks associated with the respective asset class. Management uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for recovery. Inherent in management' s evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. The determination of the amount of allowances on loans is based upon the asset' s expected life, considering past events, current conditions and reasonable and supportable economic forecasts. Such evaluations and assessments are revised as conditions change and new information becomes available. Historical trends may not be indicative of future impairments or allowances. Some of our investments are relatively illiquid and we may have difficulty selling these investments. We invest a portion of our owned assets in certain privately placed fixed income securities, mortgage loans, and limited partnership interests, all of which are relatively illiquid. These asset classes represented **7** ~~8. 2~~ % of the carrying value of our investment portfolio as of December 31, ~~2022~~ **2023** . If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner or be forced to sell them for an amount less than we would otherwise have been able to realize, or both, which could have an adverse effect on our financial condition and results of operations ~~. The elimination of LIBOR may adversely affect the interest rates on, and value of, certain derivatives and floating rate securities we hold, the activities we conduct, and any other assets or liabilities, the value of which is tied to LIBOR. The elimination of LIBOR and transition to alternative reference rates may have an adverse impact on the value of, return on and trading markets for a broad array of financial products, including any LIBOR- based securities, loans and derivatives that are included in our financial assets and liabilities. U. S. Dollar LIBOR is anticipated to be phased out by June 30, 2023, and replaced by the Secured Overnight Financing Rate, and all other LIBOR currencies were phased out by December 31, 2021. There will continue to be work required to transition to the new benchmark rates for U. S. Dollar. In addition, LIBOR may perform differently during the phase- out period than in the past which could result in lower interest payments and a reduction in the value of certain assets, as well as fluctuations in certain mark- to- market derivative instruments. Accordingly, it is difficult to predict the full impact of the transition away from LIBOR on various derivatives, floating rate securities and other securities we hold, the activities we conduct in our various businesses, and any other assets or liabilities (as well as contractual rights and obligations), the value of which is tied to LIBOR. The value or profitability of these products and instruments, and our costs of operations, may be adversely affected until new reference rates and fallbacks for both legacy and new products, instruments and contracts are commercially in use~~ . Insurance Risks The failure of other insurers could require us to pay higher assessments to state insurance guaranty funds. Our insurance companies are required by law to be members of the guaranty fund association in every state where they are licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, our insurance companies could be adversely affected by the requirement to pay assessments to the guaranty fund associations. Uncertainty and volatility in the U. S. economy and financial markets in recent years have weakened or may weaken the financial condition of numerous insurers, including insurers currently in receivership, increasing the risk of triggering guaranty fund assessments upon order of liquidation. If the counterparties to our reinsurance arrangements default or otherwise fail to fulfill their obligations, we may be exposed to risks we had sought to mitigate, which could adversely affect our financial condition and results of operations. We use reinsurance to mitigate certain of our risks. Reinsurance does not relieve us of our direct liability to our policyholders and contractholders, even when the reinsurer is liable to us. Accordingly, we bear credit and performance risk with respect to our reinsurers, including Commonwealth and Genworth Life Insurance Company. In July 2016, we finalized various confidential enhancements with Genworth Life Insurance Company that have been shared, in the normal course of regular reviews, with our Domiciliary Regulators and rating agencies. A reinsurer' s insolvency or its inability or unwillingness to make payments under the terms of our reinsurance agreement could have a material adverse effect on our financial condition and results of operations. If our reserves for future policy benefits and claims or for future certificate redemptions and maturities are inadequate, we may be required to increase our reserve liabilities, which would adversely affect our results of operations and financial condition. We establish reserves as estimates of our liabilities to provide for future obligations under our insurance policies, annuities and investment certificate contracts. Reserves do not represent an exact calculation of the liability but, rather, are estimates of contract benefits and related expenses we expect to incur over time. The assumptions and estimates we make in establishing reserves require certain judgments about future experience and, therefore, are inherently uncertain. We cannot determine with precision the actual amounts that we will pay for contract benefits, the timing of payments, or whether the assets supporting our stated reserves will increase to the levels we estimate before payment of benefits or claims. We monitor our reserve levels continually. If we were to conclude that our reserves are insufficient to cover actual or expected contract benefits, we would be required to increase our reserves and incur income statement charges for the period in which we make the determination, which would adversely affect our results of operations and financial condition. Our insurance profitability relies on our assumptions including those regarding morbidity rates, mortality rates and benefit utilization as well as the future persistency of our insurance policies and annuity contracts. We set prices for RiverSource ~~disability~~ insurance **products** (and historically LTC insurance) as well as some annuity products based upon expected claims payment patterns, derived from assumptions we make about our policyholders and contractholders, including expenses, fees, investment returns, and morbidity and mortality rates. The long- term profitability of these products depends upon how our actual experience compares with our pricing assumptions. Actual experience can differ from our assumptions for many reasons over the time an insurance product is held. If mortality rates are higher than our pricing assumptions, we could be required to make greater payments under our life insurance policies and annuity contracts with guaranteed minimum death benefits than we have projected. The prices and profitability of our life insurance and deferred annuity products are based in part upon assumptions related to persistency (the probability that a policy or contract will remain in force from one period to the next). For most of our life insurance and deferred annuity products, actual persistency that is lower than our persistency assumptions could have an adverse impact on profitability, especially in the early years of a policy or contract because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract. For our LTC insurance, universal life insurance policies with secondary guarantees and variable annuities with guaranteed minimum withdrawal benefits, actual persistency that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in force longer than we assumed, we could be required to make greater benefit payments than we had anticipated when we priced or partially reinsured these products. The risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our LTC insurance products notwithstanding our ability to implement future price increases with regulatory approvals. Though we discontinued offering LTC products in 2003, LTC insurance policies provide for long- duration coverage and, therefore, our actual claims experience will emerge over many years. Our ability to forecast future claim rates for LTC insurance is more limited than life insurance. We have sought to moderate these uncertainties to some extent by partially reinsuring LTC policies at the time the policies were underwritten and limiting our present stand- alone LTC insurance offerings to policies underwritten fully by unaffiliated third- party insurers, and we have also implemented rate increases and provided reduced benefit options on certain in force policies. Because our assumptions regarding persistency experience are inherently uncertain, reserves for future policy benefits and claims may prove to be inadequate if actual persistency experience is different from those assumptions. Although some of our products permit us to increase premiums during the life of the policy or contract, we cannot guarantee that these increases would be sufficient to maintain profitability. Additionally, some of these pricing changes require regulatory approval, which may not be forthcoming. Moreover, many of our products do not permit us to increase premiums or limit those increases during the life of the policy or contract, while premiums on certain other products (primarily LTC insurance) may not be increased without prior regulatory approval. Significant deviations in experience from pricing expectations regarding persistency could have an adverse effect on the profitability of our products. Operations Risks A failure to protect our reputation could adversely affect our businesses. Our reputation is one of our most important assets. Our ability to attract and retain customers, investors, employees and advisors is highly dependent upon external perceptions of our company. Damage to our reputation could cause significant harm to our business and prospects. Reputational damage may arise from numerous sources **,** including litigation or regulatory actions, failing to deliver minimum standards of service and quality, compliance failures, any perceived or actual weakness in our financial strength or liquidity, clients' or potential clients' perceived failure of how we address certain political, environmental, social or governance topics, technological breakdowns, cybersecurity attacks, or other security breaches (including attempted breaches **, breaches impacting our vendors or their subcontractors** or inadvertent disclosures) resulting in **system unavailability,** improper disclosure **or loss** of **data integrity relating to** client or employee personal information, unethical or improper behavior and the misconduct or error of our employees, advisors and counterparties. Additionally, a failure to develop new products and services, or successfully manage associated operational risks, could harm our reputation and potentially expose us to additional costs, or negative public relations or social media campaigns. Any negative incidents can quickly erode trust and confidence, particularly if they result in adverse mainstream and social media publicity, governmental **audits or** investigations or litigation. Adverse developments with respect to our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us. Misconduct by our employees and advisors may be difficult to detect and deter and may damage our reputation. **This can include improper use of their authorized access to sensitive information.** Misconduct or errors by our employees and advisors could result in violations of law, regulatory sanctions and / or serious reputational or financial harm. Misconduct or mistakes can occur in each of our businesses. We cannot always ~~deter~~ **prevent** misconduct by our employees and advisors, and the precautions we take to prevent and detect this activity may not be effective in all cases. Preventing and detecting misconduct among our franchisee advisors who are not employees of our company presents additional challenges **in that they control their own technology environment on a day- to- day basis** and could have an adverse effect on our business. Our reputation depends on our continued identification of and mitigation against conflicts of interest. We have procedures and controls that are designed to identify, address and appropriately disclose perceived conflicts of interest, though our reputation could be damaged if we fail, or appear to fail, to address conflicts of interest appropriately. In addition, the SEC and other federal and state regulators, as well as foreign regulators, have increased their scrutiny of potential conflicts of interest **and the actions we may be expected to take when a conflict is encountered** . It is possible that potential or perceived conflicts could give rise to litigation or enforcement actions. Also, it is possible that the regulatory scrutiny of, and litigation in connection with, conflicts of interest will make our clients less willing to enter into transactions **with us or** in ~~which such a conflict may occur~~ **certain products or services we offer** , which would adversely affect our businesses. **The** ~~We may face~~ direct ~~or~~ **and** indirect effects of **climate change could adversely affect** our ~~responses to~~ **business and operations, both directly and as a result of impacts on our clients, counterparties and entities whose securities we hold. We operate in many regions, countries and communities around the world where our business, and the activities of our clients and counterparties, could be adversely affected by** climate change. Climate change may increase the severity and frequency of weather- related catastrophes, or adversely affect our investment portfolio or investor sentiment. This includes the potential for an increase in the frequency and severity of weather- related disasters and pandemics. In addition, climate change regulation may affect the prospects of companies and other entities whose securities we hold, or our willingness to continue to hold their securities. Climate change may also influence investor sentiment with respect to the Company and investments in our portfolio and those available to clients through third- parties. It may also impact other counterparties, including reinsurers, and affect the value of investments, including real estate investments we hold or manage for others. ~~We~~ **Climate risks can also arise from the inconsistencies and conflicts in the manner in which climate policy and financial regulation is implemented in the many regions where we operate, including initiatives to apply and enforce policy and regulation with extraterritorial effect. Transition risks may arise from societal adjustment to a lower- carbon economy, such as changes in public policy, adoption of new technologies or changes in consumer preferences towards low- carbon goods and services. These risks could also be influenced by changes in the physical climate. Overall, we** cannot predict or estimate the long- term impacts on us from climate change or related regulation. Our operational systems and networks (as well as those of our franchise advisors **and third parties**) are subject to evolving cybersecurity or other technological risks, which could result in the disclosure of confidential information, loss of our proprietary information, damage to our reputation, additional costs to us, regulatory penalties and other adverse impacts. Our business is reliant upon internal and third- party- controlled **, developed** and operated **software (which includes opensource software),** technology systems and networks to process, transmit and store information, including our **current, potential and former** clients’, employees’ and advisors’ personal information, as well as our proprietary information, and to conduct many of our business activities and transactions. Maintaining the security and integrity of ~~this~~ **our software,** information and these systems and networks, and appropriately responding to any cybersecurity and privacy incidents (including attempts), is critical to the success of our business operations, including our reputation, the retention of our advisors and clients, and to the protection of our proprietary information and our clients’ personal information. ~~To date,~~ **We rely on the third parties with whom** we ~~have not experienced any material breaches of~~ **do business to identify and remediate software and other vulnerabilities before they can be exploited by bad actors, but they cannot always do so.** ~~or~~ **For** ~~interference~~ **example, zero- day vulnerabilities in software and other technology solutions are immediately exploitable by bad actors as occasionally happens** with **certain of** our **vendors in the industry** ~~centrally controlled systems and networks~~ . **We** ~~However, we~~ routinely face **attacks** and **seek to** address ~~such~~ evolving threats ~~and~~ **of which we become aware. We** have been able to **identify, protect,** detect ~~and~~ **,** respond to **and recover from** these ~~incidents~~ **attacks** to date without a material loss of client financial assets or information through the use of ongoing **internal and external threat** monitoring and **by making** continual ~~improvement of~~ **adjustments to** our security and incident response capabilities. We and our advisors, as well as our service providers **and clients** , have also been threatened by, among others, phishing **, vishing,** and spear phishing scams, social engineering attacks **(such as direct voice contact and any technology or communication mechanism to contact a person)** , account takeovers, introductions of malware, attempts at electronic break- ins, and the submission of fraudulent payment requests. The number of ~~attempted phishing attacks~~ **threats and events** has increased substantially every year, which is expected to continue **, particularly as the use of artificial intelligence makes these attempts look more legitimate** . Attempted or successful breaches or interference by third parties or by insiders that may occur in the future could have a material adverse impact on our business, reputation, financial condition or results of operations. On a corporate basis, various laws and regulations, and in some cases contractual obligations, require us to establish and maintain corporate policies and technical and operational measures designed to protect sensitive client, employee, contractor and vendor information, and to respond to cybersecurity incidents **in certain ways and timeframes** . We have established policies and implemented such technical and operational measures ourselves and have in place policies that require our service providers and franchisee advisors, each of which control locally their own technology operations, to do the same. The increase in hybrid working among our employees adds complexity to monitoring and processing procedures. Changes in our business or technological advancements may also require corresponding changes in our systems, networks and data security and response measures. While accessing our products and services, our customers may use computers and other devices that sit outside of our security control environment. In addition, the ever- increasing reliance on technology systems and networks and the occurrence and potential adverse impact of attacks on such systems and networks (including in recent well- publicized security breaches at other companies), both generally and in the financial services industry, have enhanced government and regulatory scrutiny of the measures taken by companies to protect against cybersecurity threats and report incidents they suffer. As these threats, and government and regulatory oversight of associated risks, continue to evolve, we may be required to expend additional resources **(both direct financial resources and indirect costs like people)** to enhance or expand upon the technical and operational security and response measures we currently maintain or that we allow franchise advisors to maintain and control locally. **These regulator- driven changes may adversely impact the client experience by, for example, requiring multiple means of verifying the identity of a client before they can interact with us.** Despite the measures we have taken and may in the future take to address and mitigate cybersecurity, privacy and technology risks, we cannot be certain that our systems and networks **, or those used by our vendors,** will not be subject to successful attacks, breaches or interference. Nor can we **guarantee** ~~be certain~~ that franchise advisors will comply with our policies and procedures in this regard, or that clients will engage in safe and secure online practices. Furthermore, human error occurs from time to time and such mistakes can lead to the inadvertent disclosure of sensitive information **. We have a vendor management process, but at times our software or service providers could push through updates that are not fully disclosed to us (or tested by them) and that could alter the control posture of their products** . Any such event may result in operational disruptions, as well as unauthorized access to or the disclosure or loss of, our proprietary information or client, employee, vendor, or advisor personal information, which in turn may result in legal claims, regulatory scrutiny and liability, reputational damage, the incurrence of costs to respond to, eliminate, or mitigate further exposure, the loss of clients or advisors, or other damage to our business. While we maintain cyber liability insurance that provides both third- party liability and first- party liability coverages, it may not protect us against all cybersecurity- or privacy- related losses. Furthermore, we may be subject to indemnification costs and liability to third parties if we breach any confidentiality or security obligations regarding vendor data or for losses related to the data. In addition, the trend toward broad consumer and general- public notification of such incidents **, including those where our vendors are the party being breached,** could exacerbate the harm to our business, reputation, financial condition or results of operations in the event of a breach. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data and conduct appropriate incident response, we may incur significant expenses in connection with our responses to any such attacks, as well as the adoption, implementation and maintenance of appropriate security measures. In addition, our regulators may seek to hold our company responsible for the acts, mistakes or omissions of our **vendors or** franchise advisors even where they procure and control much of the physical office space and technology infrastructure they use to operate their businesses locally. Protection from system interruptions and operating errors is important to our business. If we experience a sustained interruption to our telecommunications or data processing systems, or other failure in operational execution, it could harm our business. Operating errors and system or network interruptions could delay and disrupt our operations. Interruptions could be caused by mistake, malfeasance or other operational failures by service provider staff, employee or advisor error or malfeasance, interference by third parties, including hackers, our implementation of new technology, maintenance of existing technology, or natural disasters, each of which may impact our ability to run our systems or encounter varying downtime. Though we plan for resiliency in our systems **and test these capabilities** , we could face additional downtime or data loss if our plans do not work as expected **during a real event** . Our financial, accounting **, human resources** , data processing or other operating systems and facilities may fail to operate or report data properly, experience connectivity disruptions or otherwise become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process transactions or provide products and services to our clients **(some of which have regulatory required response times)** . Further, while we require their existence by contract, we cannot control the execution of any business continuity or incident response plans implemented by our service providers or our franchise advisors. We rely on third- party service providers and vendors for certain communications, technology and business functions and other services, and we face the risk of their operational failure (including, without limitation, loss of staff due to widespread illness, failure caused by an inaccuracy, untimeliness or other deficiency in data reporting), technical or security failures, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other third- party service providers that we use to facilitate or are component providers to our securities transactions and other product manufacturing and distribution activities. These risks are heightened by our deployment in response to both investor interest and evolution in the financial markets of increasingly sophisticated products and technological means for ~~accessing~~ **interacting with** these products or client accounts. Any such failure, termination or constraint or flawed execution or response could adversely impact our ability to effect transactions, service our clients, manage our exposure to risk, or otherwise achieve desired outcomes. Risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments, products, vendors, or against all types of risk, including employee and financial advisor misconduct. Our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Many of our methods of managing risk and the associated exposures are based upon our use of observed historical experience or expectations about future experience (e. g. **,** market behavior, client / policyholder **behavior, employee** behavior, mortality, etc.) or statistics based on historical models. Experience may not emerge as expected and during periods of market volatility, or due to unforeseen events, the historically- derived experience and correlations may not be valid. As a result, these methods and models may not predict future exposures accurately, which could be significantly greater than what our models indicate. Further some controls are manual and are subject to inherent limitations **and we have a general model risk where there is a risk of loss associated with insufficient or inaccurate models that we use to support our decision** . This could cause us to incur investment losses or cause our hedging and other risk management strategies to be ineffective. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up- to- date or properly evaluated. Our financial performance also requires us to develop, effectively manage, and market new or existing products and services that appropriately anticipate or respond to changes in the industry and evolving client demands. The development and introduction of new products and services, including the creation of Asset Management and other products with a focus on environmental, social and governance matters, require continued innovative effort and may require significant time, resources, and ongoing support. **Further, avoiding introducing or encouraging certain new products (such as cryptocurrency) creates the risk of losing assets or new flows to competitors who encourage or support those products.** Substantial risk and uncertainties are associated with the introduction and ongoing maintenance of new products and services, including the implementation of new and appropriate operational controls and procedures, shifting and sometimes contradictory client and market preferences, the introduction of competing products or services and compliance with regulatory requirements **. Artificial intelligence (including generative artificial intelligence) presents many benefits in terms of operating efficiency, but also new risks that we need to seek to mitigate through our strategic and risk management policies, such as reliance on information that may be inaccurate or biased results. In addition, the regulatory framework and expectations relating to the use of artificial intelligence are in their early stages as is the use (and how we manage the use) of artificial intelligence in our business** . Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including those associated with our key vendors. Insurance and other traditional risk- shifting tools may be held by or available to us in order to manage certain exposures, but they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency. As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations. We act as a holding company for our subsidiaries, through which substantially all of our operations are conducted. Dividends and returns of capital from our subsidiaries and permitted payments to us under our intercompany arrangements with our subsidiaries are our principal sources of cash to pay shareholder dividends and to meet our financial obligations. These obligations include our operating expenses and interest and principal on our borrowings. If the cash we receive from our subsidiaries pursuant to dividend payment or return of capital and intercompany arrangements is insufficient for us to fund any of these obligations, we may be required to raise cash through the incurrence of additional debt, the issuance of additional equity or the sale of assets. If any of this happens, it could adversely impact our financial condition and results of operations. Insurance, banking and securities laws and regulations, including the FCA' s Investment Firms Prudential Regime ~~,~~ **and** the FRB' s ~~2019 proposal~~ **recent final rules** for ~~a new capital framework for ISLHCs, termed~~ the " Building Block Approach " ~~and the NAIC' s " Group Capital Calculation " (which represents an insurance- focused capital framework),~~ may regulate the ability of many of our subsidiaries (such as our insurance, banking and brokerage subsidiaries and our face- amount certificate company) to pay dividends, return capital or make other permitted payments or practically impact our capital structure and dividends or other payments from our subsidiaries. Additionally, the rating organizations effectively impose various capital requirements on our company and our insurance company subsidiaries in order for us to maintain our ratings and the ratings of our insurance subsidiaries. We must manage our business within the expectations of the patchwork of regulations and capital expectations from these parties **which are not consistent with one another, use different accounting frameworks (such as GAAP, statutory accounting principles or a mix). A capital action that benefits under one framework may not be beneficial under another framework** . As asset values decline or other financial drivers to our business worsen, our and our subsidiaries' ability to pay dividends, return capital or make other permitted payments can be reduced. Additionally, the various asset classes held by our subsidiaries, and used in determining required capital levels, are weighted differently or are restricted as to the proportion in which they may be held depending upon their liquidity, credit risk and other factors. The regulatory capital requirements and dividend- paying ability of our subsidiaries may also be affected by a change in the mix of products sold by such subsidiaries. Further, the capital requirements imposed upon our subsidiaries may be impacted by heightened regulatory or rating organization scrutiny and intervention, which could negatively affect our and our subsidiaries' ability to pay dividends or make other permitted payments. Additionally, in the past we have found it necessary and advisable to provide support to certain of our subsidiaries in order to maintain adequate capital for regulatory or other purposes and we may provide such support in the future. The provision of such support could adversely affect our capital, liquidity, and the dividends or other permitted payments received from our subsidiaries. The operation of our business in foreign markets and our investments in non- U. S. denominated securities and investment products subjects us to exchange rate and other risks in connection with international operations and earnings and income generated overseas. While we are a U. S.- based company, a portion of our business operations occurs outside of the U. S. and some of our investments are not denominated in U. S. dollars. As a result, we are exposed to certain foreign currency exchange risks that could reduce U. S. dollar equivalent earnings as well as negatively impact our general account and other proprietary investment portfolios. Appreciation of the U. S. dollar could, and has, unfavorably affect net income from foreign operations, the value of non- U. S. dollar denominated investments and investments in foreign subsidiaries. In comparison, depreciation of the U. S. dollar could positively affect our net income from foreign operations and the value of non- U. S. dollar denominated investments, though such depreciation could also diminish investor, creditor and rating organizations' perceptions of our company compared to peer companies that have a relatively greater proportion of foreign operations or investments. In addition, conducting and increasing our international operations subjects us to ~~new~~ **additional** risks that, generally, we ~~have~~ **do** not ~~faced~~ **face** in the U. S., including: (i) potentially adverse **cross- border** tax consequences, including the complexities of foreign value added tax systems and restrictions on the repatriation of earnings; (ii) the localization of our solutions and related costs; (iii) the burdens of complying with a wide variety of foreign laws and different **, potentially conflicting** legal standards, including laws and regulations; and (iv) social and economic situations outside of the U. S. The occurrence of any one of these risks could negatively affect our international business and, consequently, our results of operations generally. Additionally, operating in international markets also requires significant management attention and financial resources and we cannot be certain these operations will produce desired levels of revenues or profitability. Our **2021** acquisition of the BMO Global Asset Management (EMEA) business ~~heightens~~ **heightened** these risks as it ~~nearly doubles~~ **significantly expanded** our asset management business in EMEA. The occurrence of natural or man- made disasters and catastrophes could adversely affect our results of operations and financial condition. The occurrence of natural disasters and catastrophes, including earthquakes, hurricanes, floods, tornadoes, fires, blackouts, severe winter weather, explosions, pandemic disease **and global health emergencies** (such as COVID- 19) and man- made disasters, including acts of terrorism, riots, civil unrest including large- scale protests, insurrections and military actions, could adversely affect our results of operations or financial condition. Such disasters and catastrophes may damage our facilities, preventing our service providers, employees and financial advisors from performing their roles, or otherwise disturbing our ordinary business operations and by impacting insurance claims, as described below. These impacts could be particularly severe to the extent they affect access to physical facilities, the physical well- being of large numbers of our employees, our computer- based data processing, transmission, storage and retrieval systems and destroy or release valuable data. Such disasters and catastrophes may also impact us indirectly by changing the condition and behaviors of our customers, business counterparties and regulators, as well as by causing declines or volatility in the economic and financial markets ~~. In particular, there remains some uncertainty around the ongoing impact of the COVID- 19 pandemic. Though we are currently navigating hybrid working environments, we recognize that the pandemic may shift, and we cannot control various governmental responses, imposed quarantines, effectiveness of vaccines and healthcare, or any related regulation that could come from a change in the status of the pandemic~~ . The potential effects of natural and man- made disasters and catastrophes on certain of our businesses include but are not limited to the following: (i) a catastrophic loss of life may materially increase the amount of or accelerate the timing in which benefits are paid under our insurance policies; (ii) an increase in claims and any resulting increase in claims reserves caused by a disaster may harm the financial condition of our reinsurers, thereby impacting the cost and availability of reinsurance and the probability of default on reinsurance recoveries; (iii) widespread unavailability of staff; and (iv) declines and volatility in the financial markets that may decrease the value of our assets under management and administration, which could harm our financial condition and reduce our management fees. We face risks arising from acquisitions and divestitures. We have made acquisitions and divestitures (including sales of insurance blocks via reinsurance transactions **and other strategic partnerships**) in the past and may pursue similar strategic transactions in the future. Risks in acquisition transactions include difficulties in the integration of acquired businesses into our operations and control environment (including our risk management policies and procedures), difficulties in assimilating and retaining employees and intermediaries, difficulties in retaining the existing customers of the acquired entities, assumed or unforeseen liabilities that arise in connection with the acquired businesses **, difficulties with the software, technology and systems of the acquired entities that were subject to a different control posture before the acquisition (and until such time as we can replace these or make investments to uplift their capabilities)** , the failure of counterparties to satisfy any obligations to indemnify us against liabilities arising from the acquired businesses, and unfavorable market conditions that could negatively impact our growth expectations or expected synergies for the acquired businesses. Fully integrating an acquired company or business into our operations (such as our **2021** acquisition of the BMO Global Asset Management (EMEA) business) takes a significant amount of time and attention and incurs both expected and unexpected integration costs over several years. ~~The ongoing~~ **Integrations, particularly larger and more global** ~~integration~~ **integrations , are** ~~of the BMO Global Asset Management (EMEA) business is a~~ time- consuming and expensive ~~process~~ and could significantly disrupt our business ~~. Our failure to meet the challenges involved in continuing to integrate the operations of the BMO Global Asset Management (EMEA) business (and to conform to banking and other applicable laws and regulations) or to otherwise realize any of the anticipated benefits of the acquisition could adversely impair our business or our results~~ . Risks in divestiture transactions (many of which are present in sales of insurance blocks via reinsurance) include difficulties in the separation of the disposed business, retention of obligations to indemnify for certain liabilities, the failure of counterparties to satisfy payment obligations, unfavorable market conditions that may impact any earnout or contingency payment due to us, if any, and unexpected difficulties in losing employees of the disposed business. We cannot provide assurance that we will be successful in overcoming these risks or any other problems encountered with acquisitions, divestitures and other strategic transactions. Execution of our business strategies also may require certain regulatory approvals or consents, which may include approvals of the FRB and other domestic and non- U. S. regulatory authorities. These regulatory authorities may impose conditions on the activities or transactions contemplated by our business strategies which may **negatively** impact ~~negatively~~ our ability to realize fully the expected benefits of certain opportunities. These risks may prevent us from realizing the expected benefits from acquisitions or divestitures and could result in the failure to realize the full economic value of a strategic transaction or the impairment of goodwill and / or intangible assets recognized at the time of an acquisition. These risks could be heightened if we complete a large acquisition or multiple acquisitions within a short period of time. Legal, Regulatory and Tax Risks Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses. We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our operations, both domestically and internationally. Actions brought against us may result in awards, settlements, penalties, injunctions or other adverse results, including reputational damage. In addition, we may incur significant expenses in connection with our defense against such actions regardless of their outcome. Various regulatory and governmental bodies have the authority to review our products and business practices and those of our employees and independent financial advisors and to bring regulatory or other legal actions against us if, in their view, our practices, or those of our employees or advisors, **were or** are **deemed to be** improper. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to us and proceedings that are typical of the industries and businesses in which we operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. Our businesses are **heavily** regulated ~~heavily~~ , and changes to the laws and regulations applicable to our businesses may have an adverse effect on our operations, reputation and financial condition. Virtually all aspects of our business, including the activities of our parent company and our various subsidiaries, are subject to various federal, state and international laws and regulations. For a discussion of the regulatory framework in which we operate, see " Business- Regulation " included in Part I, Item 1 of this Annual Report on Form 10- K. Compliance with these applicable laws and regulations is **expensive,** time- consuming and personnel- intensive, and we have invested and will continue to invest substantial resources to ensure compliance by our parent company and our subsidiaries, directors, officers, employees, registered representatives and agents **. In addition, sometimes these laws and regulations (and potential changes) are in conflict** . Further, any future legislation or changes to the laws and regulations applicable to our businesses, as well as changes to the interpretation and enforcement of such laws and regulations, may affect our operations and financial condition. Legislation could require changes to our business operations or our regulatory reporting relationships **which can require significant cost, effort and trade- offs** . Such changes may impact our business operations and profitability, increase our costs of doing business, increase compliance costs as well as have a material effect on fee rates, interest rates and foreign exchange rates, which could materially impact our products, services, investments, results of operations, products and liquidity in ways that we cannot predict. Ongoing changes to regulation and oversight of the financial industry may generate outcomes, the full impact of which cannot be immediately ascertained as government intervention could distort customary and expected commercial behavior. Certain examples of legislative and regulatory changes that may impact our businesses are described below. Some of the changes could present operational challenges and increase costs. Ultimately the complexities and increased costs of legislative and regulatory changes could have an impact on our ability to offer cost- effective and innovative products to our clients. Regulation of Products and Services: Any mandated reductions or restructuring of the fees we charge for our products and services resulting from regulatory initiatives or proceedings could reduce our revenues and / or earnings. For example, the DOL ~~could~~ **has** ~~propose~~ **proposed** changes to regulations that define our advisors' relationships with their clients, such as requiring a fiduciary relationship between our advisors and clients **for assets held in qualified investment accounts** . Insurance Regulation: Changes in the state regulatory requirements applicable to our insurance companies that are made for the benefit of the consumer sometimes lead to additional expense for the insurer and, thus, could have a material adverse effect on our financial condition and results of operations. Further, we cannot predict the effect that proposed federal legislation may have on our businesses or competitors, such as the option of federally chartered insurers, a mandated federal systemic risk regulator, future initiatives of the FIO within the Department of the Treasury or by any of the Domiciliary Regulators, the NAIC or the International Association of Insurance Supervisors with respect to insurance holding company supervision, capital standards or systemic risk regulation. As discussed earlier, the FRB **has finalized minimum** ~~' s 2019 proposal for a new capital framework for ISLHCs, would create new~~ capital requirements ~~for us (even if there are any refinements to the proposal)~~ which **will begin to take effect in 2024** ~~could potentially impact the way we structure our capital or manage our business~~ . International Regulation: Potential measures taken by foreign and international authorities regarding anti- bribery, the nationalization or expropriation of assets, the imposition of limits on foreign ownership of local companies, increased environmental sustainability or governance requirements, changes in laws (including tax laws and regulations) and in their application or interpretation, imposition of large fines, political instability, capital requirements or dividend limitations, price controls, changes in applicable currency, currency exchange controls, or other restrictions that prevent us from transferring funds from these operations out of the countries in which they operate or converting local currencies we hold to U. S. dollars or other currencies may negatively affect our business. Employment Regulation: We have a global workforce and face expansion of employment laws in various states, cities, and countries. These regulations vary from jurisdiction to jurisdiction, and we seek to provide a uniform employee experience, while simultaneously complying with unique or differing regulatory requirements. A portion of our advisor force consists of independent contractors. Legislative or regulatory action that redefines the criteria for determining whether a person is an employee or an independent contractor could materially impact our industry, our business and our relationships with (and ability to provide various types of support to) our advisors and their staff, resulting in an adverse effect on our results or operations. Privacy **, Cybersecurity** and Data: Our business is subject to comprehensive legal requirements concerning the use and protection of personal information, including client and employee information, from a multitude of different functional regulators and law enforcement bodies. This regulatory framework is rapidly changing through an ever- increasing patchwork of state laws and regulation **(such as the California Consumer Privacy Act and the California Privacy Rights Act)** and international developments like GDPR. Further **developments could negatively impact our business and operations. Artificial intelligence and external customer data and information source: Our business is subject to state insurance laws that sets forth regulatory expectations for insurers using artificial intelligence or certain external customer data or information sources. We expect state regulatory activity to rapidly increase in 2024 with the recent adoption of the NAIC' s Model Bulletin on the Use of Artificial Intelligence Systems by Insurers. Federal and other regulators (such as the SEC) are also beginning to propose rules around artificial intelligence. These developments as well as other** developments could negatively impact our business and operations. As a Savings and Loan Holding Company, we are subject to supervision by the FRB and various prudential standards that may limit our activities and strategies. Ameriprise Financial is subject to ongoing supervision by the FRB, including supervision and prudential standards, certain capital requirements, stress-testing, resolution planning, information security and privacy, and certain risk management requirements. Further, as a financial holding company, our activities are limited to those that are financial in nature, incidental to a financial activity or, with FRB approval, complementary to a financial activity. Our broker- dealers and bank subsidiary are limited in their ability to lend or transact with affiliates and are subject to minimum regulatory capital and other requirements, as well as limitations on their ability to use funds deposited with them in brokerage or bank accounts to fund their businesses. These requirements may hinder our ability to access funds from our subsidiaries. We may also become subject to a prohibition or limitations on our ability to pay dividends or repurchase our common stock. The federal banking regulators, including the OCC, ~~the~~ FRB **,** ~~and the~~ FDIC, **and** ~~as well as the~~ SEC (through FINRA) have the authority and under certain circumstances, the obligation, to limit or prohibit dividend payments and stock repurchases by the banking organizations they supervise, including Ameriprise and its bank subsidiaries. Any changes to regulations or changes to the supervisory approach may also result in increased compliance costs to the extent we are required to modify our existing compliance policies, procedures and practices. Compliance with bank holding company laws and regulations, including the Volcker Rule, impacts the structure and availability of certain of our products and services and our costs in providing those products and services. Costs of compliance may be driven by how these laws and regulations and the scale of Ameriprise Bank evolves over the course of time as well as strategic acquisitions and other growth strategies we pursue in the future. Failure to meet one or more of these requirements could, depending on the violation, limit Ameriprise' s ability to undertake new activities, continue certain activities, or make acquisitions other than those permitted generally for bank holding companies. Execution of our business strategies also may require certain regulatory approvals or consents, which may include approvals of the FRB and other domestic and non- U. S. regulatory authorities. These regulatory authorities may impose conditions on the activities or transactions contemplated by our business strategies which may **negatively** impact ~~negatively~~ our ability to realize fully the expected benefits of certain opportunities. Changes in corporate tax laws and regulations and changes in the interpretation of such laws and regulations, as well as adverse determinations regarding the application of such laws and regulations, could adversely affect our earnings and could make some of our products less attractive to clients. We are subject to the income tax laws of the U. S., its states and municipalities and those of the foreign jurisdictions in which we have significant business operations. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes and must also make estimates about when in the future certain items affect taxable income in the various tax jurisdictions. In addition, changes to the Internal Revenue Code, state or foreign tax laws, administrative rulings or court decisions could increase our provision for income taxes and reduce our earnings. Furthermore, guidance issued by the U. S. Department of Treasury and others can be critical to the application and impact of new laws ~~(such as the recently enacted Inflation Reduction Act of 2022)~~ and in avoiding unintended impacts from legislation. The jurisdictions we operate in may not always provide clear guidance that is responsive to industry questions and concerns. If guidance is unclear, it could increase our taxes or create a potential for disagreement about interpretation of the tax code. Many of the products we issue or on which our businesses are based (including both insurance products and non- insurance products) receive favorable treatment under current U. S. federal income or estate tax law. Changes in U. S. federal income or estate tax law could reduce or eliminate the tax advantages of certain of our products and thus make such products less attractive to clients or cause a change in client demand and activity. We may not be able to protect our intellectual property and may be subject to infringement claims. We rely on a combination of contractual rights and copyright, trademark, patent **registrations** and trade secret laws ~~and registrations~~ to establish and protect our intellectual property. Although we use a broad range of measures to protect our intellectual property rights, third parties may infringe or misappropriate our intellectual property or attempt to use the same to defraud others. We may have to litigate to enforce and protect our brand and reputation, copyrights, trademarks, patents, trade secrets and know- how, or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. The loss of intellectual property protection **,** or the inability to secure or enforce the protection of our intellectual property assets **,** could have a material adverse effect on our business and our ability to compete. We also may be subject to costly litigation in the event that another party alleges our operations or activities infringe upon, or constitute misappropriation of, such other party' s intellectual property rights. Third parties may have, or may eventually be issued, patents or other protections that could be infringed by our products, methods, processes or services **,** or could otherwise limit our ability to offer certain product features. Any party that holds a patent could make a claim of infringement against us. The threat of patent litigation from non- practicing entities could impact financial services firms and successful resolution could still have a significant financial impact. We may also be subject to claims by third parties for breach of copyright, trademark, license ~~usage~~ rights, or misappropriation of trade secret rights. Any such claims and any resulting litigation could result in significant liability for damages. If we were found to have infringed or misappropriated a third- party patent or other intellectual property rights, we could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, or alternatively could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on our business, results of operations and financial condition. Changes in and the adoption of accounting standards could have a material impact on our financial statements. Our accounting policies provide a standard for how we record and report our results of operations and financial condition. We prepare our financial statements in accordance with U. S. generally accepted accounting principles. It is possible that accounting changes could have a material effect on our results of operations and financial condition. The Financial Accounting Standards Board (" FASB "), the SEC and other regulators often change the financial accounting and reporting standards governing the preparation of our financial statements. These changes are difficult to predict and could impose additional governance, internal control and disclosure demands. In some cases, we could be required to apply a new or revised standard retrospectively, resulting in our restating prior period financial statements. As an example, in August 2018, the FASB updated the accounting standard related to long- duration insurance and annuity contracts that is effective January 1, 2023 and ~~is expected to result~~ **resulted** in significant changes to how we account for and report our insurance and annuity contracts (both in force and new business), including updating assumptions used to measure the liability for future policy benefits for traditional and limited- payment contracts, measurement of market risk benefits and amortization of DAC. See Note 3 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10- K for additional information on recent accounting pronouncements.