

AMERIPRISE FINANCIAL INC
Form 10-K
February 27, 2013

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2012

OR

○ **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**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock (par value \$.01 per share)

Name on each exchange on which registered
The New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Act: Yes No

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Securities Act.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

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 No

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated

Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value, as of June 30, 2012, of voting shares held by non-affiliates of the registrant was approximately \$11.1 billion.

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

Class

Outstanding at February 8, 2013

Common Stock (par value \$.01 per share)

203,472,074 shares

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the registrant's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on April 24, 2013 ("Proxy Statement").

Ameriprise Financial, Inc.
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PART I.

Item 1. Business.

Overview

Ameriprise Financial, Inc. is a holding company incorporated in Delaware primarily engaged in business through its subsidiaries. Accordingly, references below to "Ameriprise," "Ameriprise Financial," the "Company," "we," "us," and "our" may refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries. Our headquarters is located at 55 Ameriprise Financial Center, Minneapolis, Minnesota 55474. We also maintain executive offices in New York City.

Ameriprise Financial is a diversified financial services company with a 118 year history of providing financial solutions. We offer a broad range of products and services designed to achieve the financial objectives of individual and institutional clients. We are America's leader in financial planning and a leading global financial institution with \$681 billion in assets under management and administration as of December 31, 2012.

Our strategy is centered on helping our clients confidently achieve their goals by providing advice and managing their assets, and protecting their assets and income. We utilize two go-to-market approaches in carrying out this strategy: Wealth Management and Asset Management.

Our wealth management capabilities are centered on the long-term, personal relationships between our clients and our financial advisors and registered representatives (our "advisors"). Through our advisors, we offer financial planning, products and services designed to be used as solutions for our clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. Our focus on personal relationships, together with our discipline in financial planning and strengths in product development and advice, allow us to address the evolving financial and retirement-related needs of our clients, including our primary target market segment, the mass affluent and affluent, which we define as households with investable assets of more than \$100,000. The financial product solutions we offer through our advisors include both our own products and services and the products of other companies. Our advisor network is the primary channel through which we offer our affiliated insurance and annuity products and services.

Our network of more than 9,700 advisors is the primary means through which we engage in our wealth management activities. We offer our advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in delivering advice and product solutions. We believe that our nationally recognized brand and practice vision, local marketing support, integrated operating platform and comprehensive set of products and solutions constitute a compelling value proposition for financial advisors, as evidenced by our strong advisor retention rate and our ability to attract and retain experienced and productive advisors. We have and will continue to invest in and develop capabilities and tools designed to maximize advisor productivity and client satisfaction.

We are in a strong position to capitalize on significant demographic and market trends driving increased demand for financial advice and solutions. In the U.S., the ongoing transition of baby boomers into retirement, as well as recent economic and financial market crises, continues to drive demand for financial advice and solutions. In addition, the amount of investable assets held by mass affluent and affluent households, our target market, has grown and accounts for over half of U.S. investable assets. We believe our differentiated financial planning model, broad range of products and solutions, as well as our demonstrated financial strength in the face of persistent economic headwinds, will help us capitalize on these trends.

Our asset management capabilities are global in scale, with Columbia Management as the primary provider of U.S. products and services and Threadneedle as the primary provider of products and services outside of the U.S. We offer a broad spectrum of investment advice and products to individual, institutional and high-net worth investors. These investment products are primarily provided through third parties, though we also provide our asset management products through our advisor channel. Our underlying asset management philosophy is based on delivering consistently strong, competitive investment performance. The quality and breadth of our asset management capabilities are demonstrated by 111 of our mutual funds being rated as four- and five-star funds by Morningstar.

We are positioned to continue to grow our assets under management and to strengthen our asset management offerings to existing and new clients. Our asset management capabilities are well positioned to address mature markets in the U.S. and Europe. We also have the capability to leverage existing strengths to effectively expand into new global and emerging markets, to which investors are increasingly looking as a source of growth and income. In the past few years, we have expanded beyond our traditional strengths in the U.S. and U.K. to gather assets in Continental Europe, Asia, Australia, the Middle East and Africa. In addition, we expect to leverage the collective investment and distribution capabilities of Columbia and Threadneedle to develop new solutions designed to manage an increasingly complex and volatile marketplace.

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Financial markets and macroeconomic conditions have had and will continue to have a significant impact on our operating and performance results. The persistent economic headwinds of the past several years have mitigated growth opportunities in our industry by affecting asset values and dampening client confidence and activity. In addition, the business and regulatory environment in which we operate remains subject to elevated uncertainty and change. To succeed, we expect to continue focusing on our key strategic objectives. The success of these and other strategies may be affected by the factors discussed below in Item 1A of this Annual Report on Form 10-K "Risk Factors", and other factors as discussed herein.

The financial results from the businesses underlying our go to market approaches are reflected in our five operating segments:

Advice & Wealth Management;

Asset Management;

Annuities;

Protection; and

Corporate & Other.

As a diversified financial services firm, we believe our ability to gather assets across the enterprise is best measured by our assets under management and administration metric. At December 31, 2012, we had \$681.0 billion in assets under management and administration compared to \$631.3 billion as of December 31, 2011, as follows:

	As of December 31,	
	2012	2011
	(in billions)	
Managed	\$ 562.4	\$ 527.6
Administered	118.6	103.7
Total	\$ 681.0	\$ 631.3

For a more detailed discussion of assets under management and administration see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Our Principal Brands

We utilize multiple brands for the products and services offered by our businesses. We believe that using distinct brands for these products and services allows us to differentiate them in the marketplace.

We use *Ameriprise Financial*® as our enterprise brand, as well as the name of our advisor network and certain of our retail products and services. The retail products and services that use the *Ameriprise Financial* brand include those that we provide through our advisors (e.g., financial planning, investment advisory accounts and retail brokerage services) and products and services that we market directly to consumers or through affinity groups (e.g., personal auto and home insurance).

We use *Columbia Management*® as the primary brand for our U.S. asset management products and services, including retail and institutional asset management products. We primarily use our *Threadneedle*® brand for marketing our asset management products outside of the U.S.

We use our *RiverSource*® brand for our annuity and protection products issued by the RiverSource Life companies, including our life and disability income insurance products.

History and Development

Our company has a more than 118 year history of providing financial solutions designed to help clients achieve their financial objectives. Our earliest predecessor company, Investors Syndicate, was founded in 1894 to provide face-amount certificates to consumers with a need for conservative investments. By 1937, Investors Syndicate had expanded its product offerings through Federal Housing Authority mortgages, and later, mutual funds, by establishing Investors Mutual, one of the pioneers in the mutual fund industry. In 1949, Investors Syndicate was renamed Investors Diversified Services, Inc., or IDS. In 1957, IDS added life insurance products, and later, annuity products, through IDS Life Insurance Company (now known as "RiverSource Life Insurance Company"). In 1972, IDS began to expand its network by delivering investment products directly to clients of unaffiliated financial institutions. IDS also introduced its comprehensive financial planning processes to clients, integrating the identification of client needs with the products and services to address those needs in the 1970s, and it introduced fee-based planning in the 1980s.

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In 1979, IDS became a wholly owned subsidiary of Alleghany Corporation pursuant to a merger. In 1983, our company was formed as a Delaware corporation in connection with American Express' 1984 acquisition of IDS Financial Services from Alleghany Corporation. We changed our name to "American Express Financial Corporation" ("AEFC") and began marketing our products and services under the American Express brand in 1994. To provide retail clients with a more comprehensive set of products and services, we significantly expanded our offering of the mutual funds of other companies in the late 1990s. In 2003, we acquired the business of Threadneedle Asset Management Holdings.

On September 30, 2005, American Express consummated a distribution of the shares of AEFC to American Express shareholders, at which time we became an independent, publicly traded company and changed our name to "Ameriprise Financial, Inc." In 2008, we completed the acquisitions of H&R Block Financial Advisors, Inc. and J. & W. Seligman & Co. Incorporated ("Seligman"), which further expanded our retail advisor network and our asset management capabilities. Also in 2008, we initiated the disposition of our institutional trust and custody business and completed that restructuring in early 2009. In 2010, we completed the acquisition of the long-term asset management business of Columbia Management from Bank of America. This acquisition, the integration of which was completed in 2012, has enhanced the scale and performance of our retail mutual fund and institutional asset management businesses.

In 2011, we completed the sale of Securities America Financial Corporation and its subsidiaries ("Securities America") to Ladenburg Thalmann Financial Services, Inc. Securities America had provided a platform for the affiliation of independent advisors and registered representatives to conduct business without utilizing the *Ameriprise*® brand. The sale allows us to focus our efforts on servicing and developing our branded advisor network.

In January 2013, we completed the conversion of our federal savings bank subsidiary, Ameriprise Bank, FSB ("Ameriprise Bank"), to a limited powers national trust bank now known as Ameriprise National Trust Bank. In connection with this conversion, we terminated deposit-taking and credit-originating activities of Ameriprise Bank. In addition, Ameriprise Financial was deregistered by the Federal Reserve as a savings and loan holding company and will no longer be subject to supervision and regulation as such. We will continue to make available to our clients certain deposit and credit products via referral arrangements with respected third-party financial institutions.

Our Organization

The following is a depiction of the organizational structure for our company, showing the primary subsidiaries through which we operate our businesses. The current legal entity names are provided for each subsidiary.

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Following is a brief description of the business conducted by each subsidiary noted above, as well as the segment or segments in which it primarily operates.

Threadneedle Asset Management Holdings Sàrl is a Luxembourg-based holding company for the Threadneedle group of companies ("Threadneedle"), which provides investment management products and services to clients in the United Kingdom, Europe, the Middle East, the Asia-Pacific region and Africa. Threadneedle's results of operations are included in our Asset Management segment.

Columbia Management Investment Advisers, LLC ("CMIA") serves as investment adviser for the majority of funds in the *Columbia Management* family of mutual funds ("*Columbia Management* funds") and to institutional accounts. Its results of operations are included in our Asset Management and Corporate & Other segments.

J. & W. Seligman & Co., Incorporated is a holding company for Columbia Management Investment Distributors, Inc. and certain other subsidiaries within our Asset Management segment. Seligman's results of operations are included in our Asset Management segment.

Columbia Management Investment Distributors, Inc. is a broker-dealer subsidiary that serves as the principal underwriter and distributor for *Columbia Management* funds. Its results of operations are included in our Asset Management segment.

Columbia Management Investment Services Corp. is a transfer agent that processes client transactions for *Columbia Management* funds and Ameriprise face-amount certificates. Its results of operations are included in our Asset Management and Advice & Wealth Management segments.

AMPF Holding Corporation is a holding company for certain of our retail brokerage and advisory subsidiaries, including AFSI (defined below) and AEIS (defined below). AMPF Holding Corporation's results of operations are included in our Advice & Wealth Management segment.

American Enterprise Investment Services Inc. ("AEIS") is our registered clearing broker-dealer subsidiary. Brokerage transactions for accounts introduced by AFSI are executed, cleared and settled through AEIS. Its results of operations are included in our Advice & Wealth Management segment.

Ameriprise Financial Services, Inc. ("AFSI"), a registered broker-dealer and registered investment adviser, is our primary financial planning and retail distribution subsidiary. Its results of operations are included in our Advice & Wealth Management segment.

RiverSource Distributors, Inc. ("RiverSource Distributors") is a broker-dealer subsidiary that serves as the principal underwriter and/or distributor for our *RiverSource* annuities and insurance products sold through AFSI as well as through third-party channels. Its results of operations are included in our Annuities and Protection segments.

RiverSource Life Insurance Company ("RiverSource Life") conducts its insurance and annuity business in states other than New York. Its results of operations for our annuities business are included primarily in the Annuities segment, and its results of operations with respect to our life and health insurance products it manufactures are reflected primarily in the Protection segment. Investment income on excess capital is reported in the Corporate & Other segment.

RiverSource Life Insurance Co. of New York ("RiverSource Life of NY") conducts its insurance and annuity businesses in the State of New York. Its results of operations for our annuities business are included primarily in the Annuities segment, and its results of operations with respect to our life and health insurance products it manufactures are reflected primarily in the Protection segment. Investment income on excess capital is reported in the Corporate & Other segment. RiverSource Life of NY is a wholly owned subsidiary of RiverSource Life. We refer to RiverSource Life and RiverSource Life of NY as the "RiverSource Life companies."

IDS Property Casualty Insurance Company ("IDS Property Casualty" or "Ameriprise Auto & Home") provides personal auto, home and excess liability insurance products. *Ameriprise Insurance Company*, a wholly owned subsidiary of IDS Property Casualty, is also licensed to provide these products. The results of operations of these companies are included in the Protection segment.

Ameriprise Certificate Company issues a variety of face-amount certificates. Its results of operations are included in the Advice & Wealth Management segment.

Ameriprise Trust Company ("ATC") provides trust services to individuals and businesses. Its results of operations are included in the Asset Management segment.

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Ameriprise National Trust Bank (formerly Ameriprise Bank, FSB) offers personal trust and related services. Its results of operations are included in the Advice & Wealth Management segment.

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Our Segments Advice & Wealth Management

Our Advice & Wealth Management segment provides financial planning and advice, as well as full-service brokerage services, primarily to retail clients through our advisors. Our advisors have access to a diversified selection of both affiliated and non-affiliated products to help clients meet their financial needs. A significant portion of revenues in this segment is fee-based, driven by the level of client assets, which is impacted by both market movements and net asset flows. We also earn net investment income on owned assets primarily from certificate products. This segment earns revenues (distribution fees) for providing non-affiliated products and earns intersegment revenues (distribution fees) for providing our affiliated products and services to our retail clients. Intersegment expenses for this segment include expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results.

Our Financial Advisor Platform

We provide clients financial planning, advice and brokerage services through our nationwide network of more than 9,700 advisors, of which more than 2,300 are employees of our company and more than 7,400 are independent franchisees or employees or contractors of franchisees.

Advisors can choose to affiliate with our company in two different ways. Each affiliation offers different levels of support and compensation, with the amount of compensation we pay to each advisor determined by the type of service or product provided, the type of advisor affiliation and other criteria. The affiliation options are:

Employee Advisors. Under this affiliation, a financial advisor is an employee of our company. We pay compensation competitive with other employee advisor models and provide a high level of support, including leadership, training, office space and staff support, in exchange for a payout rate lower than that of our franchisee advisors. Employee advisors are also employed in the Ameriprise Advisor Center ("AAC"), our dedicated platform for remote-based sales and service to Ameriprise retail customers. Advisors in the AAC serve retail customers who do not have access to a local advisor or who prefer a remote relationship with a financial advisor.

Franchisee Advisors. Under this affiliation, a financial advisor is an independent contractor franchisee who affiliates with our company and has the right to use the Ameriprise brand. We pay our franchisee advisors a higher payout rate than our employee advisors as they are responsible for paying their own overhead, staff compensation and other business expenses. In addition, our franchisee advisors pay a franchise association fee and other fees in exchange for the support we offer and the right to utilize our brand name. The support we offer to our franchisee advisors includes generalist and specialist leadership support, technology platforms and tools, training and marketing programs.

We continue to invest in and enhance the public awareness of the Ameriprise Financial brand and the performance of our advisors. In 2012, we continued to build upon our award-winning advertising campaign focused on our MORE WITHIN REACH® brand platform, which highlights the Company's rich history, financial strength and commitment to clients. We also completed a multi-year project to convert all of our advisors to an enhanced brokerage platform designed to be the core technology tool our advisors use to service clients. The enhanced technology platform integrates with other advisor resources to help advisors run a more efficient practice, increase productivity and offer clients additional products and services. Finally, we introduced the *Confident Retirement*® approach, which serves as a framework for advisors to help their clients create a sound retirement plan. This approach involves a comprehensive assessment of retirement income sources and assets, a client's plans and goals for retirement and an analysis of what is needed to fund the four principal types of expenses and liabilities encountered during retirement: covering essentials, ensuring lifestyle, preparing for the unexpected and leaving a legacy. We believe this comprehensive approach to retirement planning allows our advisors to create a plan that best matches our products and services to our clients' needs and results in greater client satisfaction and confidence.

Our strong financial advisor retention rate speaks to the value proposition we offer advisors. As of December 31, 2012, over 56% of our advisors had been with us for more than 10 years, with an average tenure of nearly 19 years. Among advisors who have been with us for more than 10 years, we have a retention rate of over 96%. We believe this success is driven by the affiliation choices we offer our advisors, together with our competitive payout arrangements and the broad support that helps them build their practices.

Our advisors can offer clients a diversified set of cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer products and services, as well as a selection of products from other companies, as described below.

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Brokerage and Investment Advisory Services

Individual and Family Financial Services

The personalized financial planning approach of our advisors is designed to focus on all aspects of our clients' finances. After understanding our clients' needs, our advisors seek to identify solutions to address those needs across four cornerstones: cash and liabilities, investments, protection and taxes. We believe this approach helps our clients build a solid financial foundation, persevere through difficult economies and challenging markets, and ultimately achieve their financial goals. We offer a broad array of products and services in each of these categories, including those carrying the Ameriprise Financial, Columbia or RiverSource name, as well as solutions offered by unaffiliated firms.

Our advisors deliver financial solutions to our advisory clients principally by building long-term personal relationships through financial planning that is responsive to clients' evolving needs. We utilize the Certified Financial Planner Board of Standards, Inc.'s defined financial planning process of Engage, Gather, Analyze, Recommend, Implement and Monitor. This process involves gathering relevant financial information, setting life goals, examining clients' current financial status and determining a strategy or plan for helping clients meet their goals given their current situation and future plans. Once we identify a financial planning client's objectives, we then recommend a solution set consisting of actions such as paying down debt, increasing savings and investment, protecting income and assets, creating a will, and including tax-qualified formats in the client's allocation of savings and investment as well as offer products to address these objectives with clients accepting what they determine to be an appropriate range and level of risk. Our financial planning relationships with our clients are characterized by an ability to understand their specific needs thoroughly, which enables us to help them meet those needs, achieve high overall client satisfaction, hold more products in their accounts and increase our assets under management.

Our financial planning clients pay a fee for the receipt of financial planning services. This fee is based on the complexity of a client's financial and life situation and his or her advisor's experience. The fee for financial planning services is not based on or related to actual investment performance; however, our clients may elect to pay a consolidated, asset-based wrap account advisory fee for financial planning and managed account services and administration. If clients elect to implement their financial plan with our company, we and our advisors generally receive a sales commission and/or sales load and other revenues for the products that they purchase from us. These commissions, sales loads and other revenues are separate from, and in addition to, the financial planning and advisory fees we and our advisors may receive.

Brokerage and Other Products and Services

We offer our retail and institutional clients a variety of brokerage and other investment products and services.

Our *Ameriprise ONE*® Financial Account is a single integrated financial management brokerage account that enables clients to access a single cash account to fund a variety of financial transactions, including investments in mutual funds, individual securities, cash products and margin lending. Additional features include unlimited check writing with overdraft protection, a Visa® debit card, online bill payments and ATM access.

We provide securities execution and clearing services for our retail and institutional clients through our registered broker-dealer subsidiaries. Clients can use our online brokerage service to purchase and sell securities, obtain independent research and information about a wide variety of securities, and use self-directed asset allocation and other financial planning tools. We also offer shares in public non-exchange traded Real Estate Investment Trusts, structured notes and other alternative investments issued by unaffiliated companies.

Through Ameriprise *Achiever Circle*, we offer benefits and rewards to clients who have \$100,000 or more invested with us. Clients who have \$500,000 or more invested with us are eligible for Ameriprise *Achiever Circle Elite*, which includes additional benefits. To qualify for and maintain *Achiever Circle* or *Achiever Circle Elite* status, clients must meet certain eligibility and maintenance requirements. Special benefits of the program may include fee reductions or waivers on Ameriprise IRAs and the *Ameriprise ONE* Financial Accounts, fee waivers on Ameriprise Financial-branded MasterCard® credit cards issued by Barclays Bank Delaware ("Barclays") and credit monitoring services.

Fee-based Investment Advisory Accounts

In addition to purchases of mutual funds and other securities on a stand-alone basis, clients may purchase mutual funds, among other securities, in connection with investment advisory fee-based "wrap account" programs or services. We currently offer both discretionary and non-discretionary investment advisory wrap accounts. In a discretionary wrap account, we (or an unaffiliated investment advisor) choose the underlying investments in the portfolio on behalf of the client, whereas in a non-discretionary wrap account, clients choose the underlying

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investments in the portfolio based on their financial advisor's recommendation. Investors in discretionary and non-discretionary wrap accounts generally pay a fee (for investment advice and other services) based on the assets held in that account as well as any related fees or costs associated with the underlying securities held in that account (e.g., underlying mutual fund operating expenses, investment advisory or related fees, Rule 12b-1 fees, etc.). A significant portion of our affiliated mutual fund sales are made through

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wrap accounts. Client assets held in affiliated mutual funds in a wrap account generally produce higher revenues to us than client assets held in affiliated mutual funds on a stand-alone basis because, as noted above, we receive an investment advisory fee based on the asset values of the assets held in a wrap account in addition to revenues we normally receive for investment management and/or distribution of the funds included in the account.

We offer several types of investment advisory accounts. We sponsor Ameriprise Strategic Portfolio Service *Advantage*, a non-discretionary wrap account service, as well as SPS Advisor, a discretionary wrap account service. We also sponsor Ameriprise Separate Accounts (a separately managed account ("SMA") program), which is a discretionary wrap account service through which clients invest in strategies managed by us or by affiliated and non-affiliated investment managers. We offer a similar program on an accommodation basis where clients transfer assets to us and do not maintain an investment management relationship with the manager of those assets. We also sponsor *Active Portfolios*® investments, a discretionary mutual fund wrap account service that offers a number of strategic target allocations based on different risk profiles and tax sensitivities. Additionally, we offer discretionary wrap account services through which clients may invest in SMAs, mutual funds and exchange traded funds.

Mutual Fund Offerings

In addition to the *Columbia Management* family of mutual funds (discussed below in "Our Segments Asset Management Columbia Management Mutual Funds"), we offer mutual funds from more than 275 mutual fund families on our brokerage platform and as part of our wrap accounts to provide our clients a broad choice of investment products. In 2012, retail sales of other companies' mutual funds accounted for the majority of our total retail mutual fund sales. Client assets held in mutual funds of other companies on a stand-alone basis generally produce lower total revenues than client assets held in our own mutual funds, as our Asset Management segment does not earn ongoing investment management fees for assets held in the funds of other companies.

Mutual fund families of other companies generally pay us a portion of the revenue generated from the sales of those funds and from the ongoing management of fund assets attributable to our clients' ownership of shares of those funds. These payments enable us to make the mutual fund families of other companies generally available through our advisors and through our online brokerage platform. We also receive administrative services fees from most mutual funds sold through our advisor network.

Insurance and Annuities

We offer insurance and annuities issued by the RiverSource Life companies (discussed below in "Business Our Segments Annuities" and in "Business Our Segments Protection"). The *RiverSource* insurance solutions available to our retail clients include variable and fixed universal life insurance, traditional life insurance and disability income insurance. *RiverSource* annuities include fixed annuities, as well as variable annuities that allow our clients to choose from a number of underlying investment options and to purchase certain guaranteed benefit or volatility management riders. In addition to *RiverSource* insurance and annuity products, our advisors offer products of unaffiliated carriers on a limited basis, including variable annuities, life insurance and long term care insurance products issued by a select number of unaffiliated insurance companies.

We receive a portion of the revenue generated from the sale of life and disability insurance policies of unaffiliated insurance companies. We are paid distribution fees on annuities sales of unaffiliated insurance companies based on a portion of the revenue generated from such sales and asset levels. Such insurance companies may also pay us an administrative service fee in connection with the sale of their products.

Banking Products

In July 2012, we announced our intention to convert our federal savings bank subsidiary, Ameriprise Bank, to a limited powers national trust bank. This conversion was completed in January 2013 following our receipt of final regulatory approvals, and the name of the entity was changed to Ameriprise National Trust Bank. As a result of the conversion, Ameriprise National Trust Bank is no longer engaged in deposit-taking or credit-origination activities. In 2012, all checking, savings and money market accounts and certificates of deposit were liquidated and returned to our clients, Ameriprise Bank's consumer loan portfolio, including first mortgages, home equity loans, home equity lines of credit and loans, was sold to affiliates of Ameriprise Bank, and Ameriprise Bank's credit card account portfolio was sold to Barclays.

We continue to offer consumer deposit and credit products through relationships with well-known and respected financial services companies. In connection with the sale of the Ameriprise Bank credit card account portfolio, we entered into a co-branding agreement with Barclays pursuant to which Barclays will continue to issue Ameriprise-branded credit cards. We also entered into a referral agreement with a third party to source mortgages and related products. Finally, the cash management features of the *Ameriprise ONE* Financial Account remain supported by our brokerage platform, and our clients continue to have access to a variety of other cash solutions, including Ameriprise Certificates, FDIC-insured

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Brokered CDs issued by third-party banks and deposits placed at third-party banks through Ameriprise Insured Money Market Account (AIMMA) brokerage sweep accounts.

Ameriprise National Trust Bank will continue to provide personal trust, custodial, agency and investment management services to help meet estate and wealth transfer needs of our advisors' individual and corporate clients. The performance of such personal trust services may involve our investment products. Ameriprise National Trust Bank generally receives an asset-based fee for investment advice and other services based on assets managed or custodied, as well as related fees and costs.

Face-Amount Certificates

We currently issue five types of face-amount certificates through Ameriprise Certificate Company, a wholly owned subsidiary of Ameriprise Financial that is registered as an investment company under the Investment Company Act of 1940 ("Investment Company Act"). Owners of our certificates invest funds and are entitled to receive at maturity or at the end of a stated term, a determinable amount of money equal to their aggregate investments in the certificate plus interest at rates we determine, less any withdrawals and early withdrawal penalties. For two types of certificate products, the rate of interest is calculated in whole or in part based on any upward movement in a broad-based stock market index up to a maximum return, where the maximum is a fixed rate for a given term, but can be changed at our discretion for prospective terms.

At December 31, 2012, we had \$3.5 billion in total certificate reserves underlying our certificate products. Our earnings are based upon the difference, or "spread," between the interest rates credited to certificate holders and the interest earned on the certificate assets invested. A portion of these earnings is used to compensate the various affiliated entities that provide management, administrative and other services to our company for these products. The certificates compete with investments offered by banks, savings and loan associations, credit unions, mutual funds, insurance companies and similar financial institutions. In times of weak performance in the equity markets, certificate sales are generally stronger. In 2012, advisors' cash sales of our certificates were \$1.7 billion.

Business Alliances

We provide workplace financial planning and educational programs to employees of major corporations, small businesses and school district employees through our Business Alliances group. Our Business Alliances group helps employees of client companies plan for and achieve their long-term financial objectives. It offers financial planning as an employee benefit supported by educational materials, tools and programs. In addition, we provide training and support to financial advisors working on-site at company locations to present educational seminars, conduct one-on-one meetings and participate in client educational events. We also provide financial advice service offerings, such as financial planning and executive financial services, tailored to discrete employee segments.

Strategic Alliances and Other Marketing Arrangements

We use strategic marketing alliances, local marketing programs for our advisors, and on-site workshops through our Business Alliances group to generate new clients for our financial planning and other financial services. An important aspect of our strategy is to create alliances that help us generate new financial services clients. For example, AFSI currently has a strategic alliance with H&R Block, Inc. designed to build relationships between our advisors and the tax professionals of H&R Block, Inc. and to leverage those relationships to better serve both AFSI and H&R Block, Inc. clients through referrals. Our alliance arrangements are generally for a limited duration of one to five years with an option to renew. Additionally, these types of marketing arrangements typically provide that either party may terminate the agreements on short notice, usually within sixty days. We compensate our alliance partners for providing opportunities to market to their clients.

In addition to our alliance arrangements, we have developed a number of local marketing programs for our advisors to use in building their client bases. These include pre-approved seminars, seminar and event training and referral tools and training designed to encourage both prospective and existing clients to refer or bring their friends to an event.

Ameriprise India

In 2012, we began offering retail financial planning and distribution services in India through our subsidiary, Ameriprise India Private Limited ("Ameriprise India"). We have also established an insurance brokerage entity in India that is licensed to deal in insurance products by India's Insurance Regulatory and Development Authority ("IRDA"). We have established offices in Gurgaon, Greater Nodia and Delhi, and we plan to expand our reach to other Indian metro areas in the future.

As with our U.S. financial planning business, Ameriprise India provides holistic financial planning services through its trained advisor force. Fees are received for delivering financial plans; however, Ameriprise India does not currently sell affiliated investment or insurance products. If clients elect to implement their financial plan, our advisors refer them to

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third-party product manufacturers to purchase recommended investment and/or insurance products. We generally receive a commission from such third-party product manufacturers for making these referrals.

Our Segments Asset Management

Our Asset Management segment provides investment advice and investment products to retail, high net worth and institutional clients. Such products and services are provided on a global scale through Columbia Management and Threadneedle. Columbia Management primarily provides U.S. domestic products and services, and Threadneedle primarily provides international investment products and services. We provide clients with U.S. domestic individual products through unaffiliated third-party financial institutions and through our Advice & Wealth Management segment, and we provide institutional products and services through our institutional sales force. International retail products are primarily distributed through third-party financial institutions and unaffiliated financial advisors. Individual products include mutual funds, exchange-traded funds and variable product funds underlying insurance and annuity separate accounts. Institutional asset management services are designed to meet specific client objectives and may involve a range of products, including those that focus on traditional asset classes, separately managed accounts, collateralized loan obligations, hedge funds, collective funds and property funds. Collateralized loan obligations and hedge funds are classified as alternative assets. In addition to the products and services provided to third-party clients, management teams serving our Asset Management segment provide all intercompany asset management services for Ameriprise Financial subsidiaries. The fees for such services are reflected within the Asset Management segment results through intersegment transfer pricing. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management, Annuities and Protection segments. All intersegment activity is eliminated in our consolidated results.

Revenues in the Asset Management segment are primarily earned as fees based on managed asset balances, which are impacted by market movements, net asset flows, asset allocation and product mix. We may also earn performance fees from certain accounts where investment performance meets or exceeds certain pre-identified targets. At December 31, 2012, our Asset Management segment had \$455.4 billion in managed assets worldwide. Managed assets include managed external client assets and managed owned assets. Managed external client assets include client assets for which we provide investment management services, such as the assets of the *Columbia Management* and *Threadneedle* families of mutual funds and the assets of institutional clients. Managed external client assets also include assets managed by sub-advisers we select. Our external client assets are not reported on our Consolidated Balance Sheets. Managed owned assets include certain assets on our Consolidated Balance Sheets (such as the assets of the general account and the variable product funds held in the separate accounts of our life insurance subsidiaries) for which the Asset Management segment provides management services and recognizes management fees. For additional details regarding our assets under management and administration, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Columbia Management

The investment management activities of Columbia Management are conducted primarily through investment management teams located throughout the United States. Each investment management team may focus on particular investment strategies, asset types, products and on services offered and distribution channels utilized. These teams manage the majority of assets in our *Columbia Management* family of mutual funds, as well as the assets we manage for institutional clients in separately managed accounts, collective funds, hedge funds, the general and separate accounts of the RiverSource Life companies, the assets of IDS Property Casualty and Ameriprise Certificate Company. These investment management teams also manage assets under sub-advisory arrangements.

We believe that delivering consistent and competitive investment performance will positively impact our assets under management by increasing the interest in our investment products. To achieve such performance, our investment teams use a "5P" process that focuses on the five factors we believe are most significant for delivering results to clients: product definition, investment philosophy, people, investment process and performance expectation. These factors are continuously monitored and provide a framework around which portfolio managers can better define their objectives and the processes through which they plan to achieve them.

Each investment management team focuses on particular investment strategies and product sets. Our U.S. investment management teams are located in multiple locations, including Boston, Charlotte, Chicago, Los Angeles, Minneapolis, New York, Menlo Park and Portland, Oregon. We have implemented a multi-platform approach to equity asset management using individual investment management teams with a combination of dedicated centralized analytical and equity trading resources. The portfolios we manage focus on varying sizes and categories of domestic and global equity securities. Our U.S. fixed income teams are organized by sectors, including investment grade, high yield, municipal, global and structured. This sector-based approach creates focused and accountable teams organized by expertise. Portfolio performance is measured to align client and corporate interests, and asset managers are incented to collaborate, employ best practices and execute in response to changing market and investment conditions consistent with established portfolio management principles.

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In an effort to address changing market conditions and the evolving needs of investors, we may from time to time develop and offer new retail and institutional investment products with new and/or innovative investment strategies, including mutual funds, exchange-traded funds ("ETFs"), separately managed accounts and collective funds. In particular, the acquisition of Grail Advisors LLC in 2011 gives CMIA the capability of offering actively managed ETFs, and CMIA has submitted regulatory applications requesting approval to offer certain new actively managed ETFs involving various investment strategies.

Mutual Funds

We provide investment advisory, distribution and other services to the *Columbia Management* family of mutual funds. The *Columbia Management* family of funds includes retail mutual funds (both open- and closed-end funds) and variable product funds. Retail mutual funds are available through unaffiliated third-party financial institutions, the Ameriprise financial advisor network and as part of Ameriprise institutional 401(k) plans. Variable product funds are available as underlying investment options in variable annuity and variable life insurance products, including RiverSource products. The *Columbia Management* family of funds includes domestic and international equity funds, fixed income funds, cash management funds, balanced funds, specialty funds, absolute return funds and asset allocation funds, including fund-of-funds, with a variety of investment objectives. The consolidation of our legacy asset management business under the *Columbia Management* brand involved numerous fund mergers, which we completed during 2011. As the *Columbia Management* family of funds continues to evolve it is likely that additional fund mergers, as well as fund launches, will occur.

At December 31, 2012, our U.S. retail mutual funds had total managed assets of \$153.9 billion in 135 funds. The variable insurance trust funds ("VIT Funds") that we manage had total managed assets at December 31, 2012 of \$62.4 billion in 70 funds.

CMIA serves as investment manager for most of our U.S. mutual funds. Columbia Wanger Asset Management, LLC ("Columbia Wanger"), a subsidiary of CMIA, also serves as investment manager for certain funds. In addition, several of our subsidiaries perform ancillary services for the funds, including distribution, accounting, administrative and transfer agency services. CMIA and Columbia Wanger perform investment management services pursuant to contracts with the mutual funds that are subject to renewal by the mutual fund boards within two years after initial implementation, and thereafter, on an annual basis.

We earn management fees for managing the assets of the *Columbia Management* family of mutual funds based on the underlying asset values. We also earn fees by providing ancillary services to the *Columbia Management* family of mutual funds. Historically, certain *Columbia Management* equity and balanced funds included a performance incentive adjustment that adjusted management fees, upward or downward, based on the fund's performance as measured against a designated index of peers. In 2011 and 2012, in connection with various initiatives to achieve consistent fee structures across all *Columbia Management* funds, we discontinued the use of such performance incentive adjustments.

The *Columbia Management* family of funds also uses sub-advisers to diversify and enhance investment management expertise. Since the end of 2003, Threadneedle personnel have provided investment management services to *Columbia Management* global and international equity funds. In addition to Threadneedle, unaffiliated sub-advisers provide investment management services to certain *Columbia Management* funds.

Separately Managed Accounts

We provide investment management services to pension, profit-sharing, employee savings and endowment funds, accounts of large- and medium-sized businesses and governmental clients, as well as the accounts of high-net-worth individuals and smaller institutional clients, including tax-exempt and not-for-profit organizations. Our services include investment of funds on a discretionary or non-discretionary basis and related services including trading, cash management and reporting. We offer various fixed income and equity investment strategies for our institutional clients with separately managed accounts. Through an arrangement with Threadneedle, we offer certain international and U.S. equity strategies to U.S. clients. We also offer U.S. equity and a variety of fixed income strategies to non-U.S. clients.

For our investment management services, we generally receive fees based on the market value of managed assets pursuant to contracts the client can terminate on short notice. Clients may also pay us fees based on the performance of their portfolio. At December 31, 2012, we managed a total of \$31.8 billion in assets under this range of services.

Management of Enterprise Owned Assets

We provide investment management services and recognize management fees for certain assets on our Consolidated Balance Sheets, such as the assets held in the general account of our RiverSource Life companies and assets held by Ameriprise Certificate Company. Our fixed income team manages the general account assets to produce a consolidated and targeted rate of return on investments based on a certain level of risk.

Our fixed income and equity teams also manage separate account assets. The Asset Management segment's management of institutional owned assets for

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Ameriprise Financial subsidiaries is reviewed by the boards of directors and staff functions of the applicable subsidiaries consistent with regulatory investment requirements. At December 31, 2012, the Asset Management segment managed \$36.1 billion of institutional owned assets.

Management of Collateralized Debt Obligations ("CDOs")

We provide collateral management services to special purpose vehicles that issue CDOs through a dedicated team of investment professionals. CDOs are securities collateralized by a pool of assets, primarily syndicated bank loans and, to a lesser extent, high-yield bonds. CDO offerings typically involve multiple tranches of securities, providing investors various maturity and credit risk characteristics. Scheduled payments to investors are based on the performance of the CDO's collateral pool. For collateral management of CDOs, we earn fees based on the par value of assets and, in certain instances, we may also receive performance-based fees. At December 31, 2012, excluding CDOs managed by Threadneedle, we managed \$5.1 billion of assets related to CDOs.

Private Funds

We provide investment advice and related services to private, pooled investment vehicles organized as limited partnerships, limited liability companies or foreign (non-U.S.) entities. These funds are currently exempt from registration under the Investment Company Act under either Section 3(c)(1) or Section 3(c)(7) or related interpretative relief and are organized as domestic and foreign funds. For investment management services, we generally receive fees based on the market value of assets under management, and we may also receive performance-based fees. As of December 31, 2012, we managed \$612 million in private fund assets.

Ameriprise Trust Collective Funds and Separately Managed Accounts

Collective funds are investment funds that are exempt from registration with the Securities and Exchange Commission ("SEC") and offered primarily through banks and other financial institutions to institutional clients such as retirement, pension and profit-sharing plans. We currently serve as investment manager to a series of ATC collective funds covering a broad spectrum of investment strategies. We receive fees for investment management services that are generally based upon a percentage of assets under management. In addition to *Columbia Management* funds and *RiverSource* Trust Collective Funds, ATC offers separately managed accounts and collective funds to our retirement plan clients.

As of December 31, 2012, we managed \$6.6 billion of ATC Funds and separate accounts for ATC clients. This amount does not include the *Columbia Management* family of mutual funds held in other retirement plans because these assets are included under assets managed for institutional and retail clients and within the "Columbia Management Mutual Funds" section above.

Sub-advised Accounts

CMIA acts as sub-adviser for certain domestic and international mutual funds, private banking individually managed accounts and common trust funds advised by other firms. CMIA continues to pursue opportunities to sub-advise additional investment company assets in the U.S. and overseas. As with the *Columbia Management* funds, we earn management fees for these services based on the underlying asset value of the funds we sub-advise. As of December 31, 2012, we managed over \$33.8 billion in assets in a sub-advisory capacity.

Retail Distribution

Columbia Management Investment Distributors, Inc. acts as the principal underwriter and distributor of our *Columbia Management* family of mutual funds. Pursuant to distribution agreements with the funds, we offer and sell fund shares on a continuous basis and pay certain costs associated with the marketing and selling of shares. We earn commissions for distributing the *Columbia Management* funds through sales charges (front-end or back-end loads) on certain classes of shares and distribution and servicing-related (12b-1) fees based on a percentage of fund assets, and receive intersegment allocation payments. This revenue is impacted by overall asset levels and mix of the funds.

Columbia Management fund shares are sold through both our Advice & Wealth Management segment and through unaffiliated third-party financial intermediaries. Among our third-party distribution arrangements is a strategic distribution agreement entered into in connection with Ameriprise's acquisition of Columbia Management in 2010 that provides ongoing access to clients of Bank of America affiliated distributors, including U.S. Trust. Fees and reimbursements paid to such intermediaries may vary based on sales, redemptions, asset values, asset allocation, product mix, and marketing and support activities provided by the intermediary. Intersegment distribution expenses for services provided by our Advice & Wealth Management Segment are eliminated in our consolidated results.

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Institutional and High Net Worth Distribution

We offer separately managed account services and private funds to high net worth clients and to a variety of institutional clients, including pension plans, employee savings plans, foundations, endowments, corporations, banks, trusts, governmental entities, high-net-worth individuals and not-for-profit organizations. We provide investment management services for insurance companies, including our insurance subsidiaries, as well as hedge fund management and other alternative investment products. We also provide, primarily through ATC and one of our broker-dealer subsidiaries, a variety of services for our institutional clients that sponsor retirement plans. We have dedicated institutional and sub-advisory sales teams that market directly to such institutional clients.

At December 31, 2012, we managed \$114.2 billion of assets for *Columbia Management* institutional clients.

Threadneedle

We offer international investment management products and services to both retail and institutional clients primarily through Threadneedle, which is headquartered in Luxembourg and maintains its primary investment operations in London. At December 31, 2012, Threadneedle had \$127.8 billion in assets under management worldwide.

Investment Management Capabilities

Threadneedle's investment management activities are conducted primarily from its London office. Threadneedle's investment philosophy is to share investment ideas and alpha generation across teams and asset classes. Each investment management team may focus on particular investment strategies, asset types, products and services offered. These teams manage the majority of assets in the *Threadneedle* family of mutual funds, the assets of Threadneedle's alternative investment structures and the assets managed for Threadneedle's institutional clients. These investment management teams also manage assets under sub-advisory arrangements, including certain *Columbia Management* funds.

Offerings

Threadneedle offers a wide range of products and services to institutional and retail clients in Europe, the United Kingdom, the Middle East, the Asia-Pacific region and Africa. Threadneedle's mutual fund product range includes different risk-return options across regions, markets, asset classes and product structures, which include Open Ended Investment Companies ("OEICs"), Societe d'Investissement A Capital Variable ("SICAV"), unit trusts and investment trusts, the majority of which are registered for offer in multiple jurisdictions.

Threadneedle's institutional business offers separately managed accounts for pension funds and other institutions. At December 31, 2012, Threadneedle had \$87.6 billion in separately managed accounts. Threadneedle distributes its institutional products in the UK, Europe, Asia, the U.S., the Middle East, Africa and Australia.

For more information on the funds and other investment vehicles and services Threadneedle offers, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Distribution

Threadneedle has organized its sales force and support services into two major segments: retail markets and institutional markets. The institutional team concentrates on establishing strong relationships with institutional clients and leading global and national consultancy firms. On the retail side, *Threadneedle* mutual funds are sold through financial intermediaries and institutions, including banks, life insurance companies, independent financial advisers, wealth managers and platforms offering a variety of investment products.

Our Segments Annuities

Our Annuities segment provides *RiverSource* variable and fixed annuity products to individual clients. The RiverSource Life companies provide variable annuity products through our advisors, and fixed annuity products are provided through both affiliated and unaffiliated advisors and financial institutions. These products are designed to help individuals address their asset accumulation and income goals. Revenues for our variable annuity products are primarily earned as fees based on underlying account balances, which are impacted by both market movements and net asset flows. Revenues for our fixed annuity products are primarily earned as net investment income on assets supporting fixed account balances, with profitability significantly impacted by the spread between net investment income earned and interest credited on the fixed account balances. We also earn net investment income on owned assets supporting reserves for immediate annuities and for certain guaranteed benefits

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offered with variable annuities and on capital supporting the business. Intersegment revenues for this segment reflect fees paid by our Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds under the variable annuity contracts. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management segment, as well as

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expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results.

Our annuity products include deferred variable and fixed annuities, in which assets accumulate until the contract is surrendered, the contractholder (or in some contracts, the annuitant) dies or the contractholder or annuitant begins receiving benefits under an annuity payout option. We also offer immediate annuities, in which payments begin within one year of issue and continue for life or for a fixed period of time. The relative proportion between fixed and variable annuity sales is generally driven by the relative performance of the equity and fixed income markets. Fixed sales are generally stronger when yields available in the fixed income markets are relatively high than when yields are relatively low. Variable sales are generally stronger in times of superior performance in equity markets than in times of weak performance in equity markets. The relative proportion between fixed and variable annuity sales is also influenced by product design and other factors. In addition to the revenues we generate on these products, we also receive fees charged on assets allocated to our separate accounts to cover administrative costs and a portion of the management fees from the underlying investment accounts in which assets are invested, as discussed below under "Variable Annuities." Investment management performance is critical to the profitability of our *RiverSource* annuity business.

Variable Annuities

A variable annuity provides a contractholder with investment returns linked to underlying investment accounts of the contractholder's choice. These underlying investment options may include the VIT Funds previously discussed (see "Business Our Segments Asset Management Columbia Management Mutual Funds," above) as well as variable portfolio funds of other companies. *RiverSource* variable annuity products in force offer a fixed account investment option with guaranteed minimum interest crediting rates ranging up to 4% at December 31, 2012.

Contract purchasers can choose to add optional benefit provisions to their contracts to meet their needs, including guaranteed minimum death benefit ("GMDB"), guaranteed minimum withdrawal benefit ("GMWB") and guaranteed minimum accumulation benefit ("GMAB") provisions. Approximately 98% of *RiverSource* Life's overall variable annuity assets include either an optional or a standard GMDB provision and approximately 53% of *RiverSource* Life's overall variable annuity assets include a GMWB or GMAB provision. In general, these features can help protect contractholders and beneficiaries from a shortfall in death or living benefits due to a decline in the value of their underlying investment accounts.

In 2012, we introduced the *SecureSource 3*[®] living benefit rider, an optional GMWB rider that can be added to new purchases of *RiverSource* variable annuities for a fee. The *SecureSource 3* benefit ensures a specified withdrawal amount annually for life. Clients who purchase this benefit are invested in a fund (the Columbia VP Managed Volatility Fund) designed to mitigate exposure to market volatility. This rider provides clients with the security of guaranteed lifetime income, an opportunity for a less volatile investment experience and an opportunity for guaranteed income growth. Clients purchasing a new variable annuity with the optional GMAB living benefit rider are also invested in the Columbia VP Managed Volatility Fund.

Our Portfolio Navigator asset allocation program is available for new sales of our variable annuities, but as of April 30, 2012, is no longer available for sale with a living benefit rider. The Portfolio Navigator program allows clients to allocate their contract value to one of five funds of funds, each of which invests in various underlying funds. The Portfolio Navigator program is designed to allow a contract purchaser to select investment options based on the purchaser's investment time horizon, risk tolerance and investment goals. Portfolio Navigator was designed to help a contract purchaser tailor the performance of annuities and life insurance policies to their specific needs and to keep investment allocations on track over time. CMIA, our investment management subsidiary, serves as investment adviser for the funds of funds and all of the underlying funds in which the funds of funds invest.

The general account assets of our life insurance subsidiaries support the contractual obligations under the guaranteed benefit the company offers (see "Business Our Segments Asset Management Columbia Management Management of Enterprise Owned Assets" above). As a result, we bear the risk that protracted under-performance of the financial markets could result in guaranteed benefit payments being higher than what current account values would support. Our exposure to risk from guaranteed benefits generally will increase when equity markets decline. You can find a discussion of liabilities and reserves related to our annuity products in Part II, Item 7A of this Annual Report on Form 10-K "Quantitative and Qualitative Disclosures About Market Risk", as well as in Note 2, Note 10, Note 11 and Note 15 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

RiverSource variable annuities provide us with fee-based revenue in the form of mortality and expense risk fees, marketing support and administrative fees, fees charged for optional features elected by the contractholder, and other contract charges. We receive marketing support payments from the VIT Funds underlying our variable annuity products as well as Rule 12b-1 distribution and servicing-related fees from the VIT Funds and the underlying funds of other companies. In addition, we receive marketing support payments from the affiliates of other companies' funds included as investment options in our *RiverSource* variable annuity products.

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Fixed Annuities

RiverSource fixed annuity products provide a contractholder with cash value that increases by a fixed or indexed interest rate. We periodically reset rates at our discretion subject to certain policy terms establishing minimum guaranteed interest crediting rates. Our earnings from fixed annuities are based upon the spread between rates earned on assets purchased with fixed annuity deposits and the rates at which interest is credited to our *RiverSource* fixed annuity contracts.

In 2007, we discontinued new sales of equity indexed annuities, although we continue to service existing policies.

RiverSource fixed annuity contracts in force provide guaranteed minimum interest crediting rates ranging from 1.0% to 5.0% at December 31, 2012. New contracts issued provide guaranteed minimum interest rates in compliance with state laws.

Liabilities and Reserves for Annuities

We maintain adequate financial reserves to cover the risks associated with guaranteed benefit provisions added to variable annuity contracts in addition to liabilities arising from fixed and variable annuity base contracts. You can find a discussion of liabilities and reserves related to our annuity products in Part II, Item 7A of this Annual Report on Form 10-K "Quantitative and Qualitative Disclosures About Market Risk", as well as in Note 2, Note 10, Note 11 and Note 15 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Financial Strength Ratings

Our insurance company subsidiaries that issue *RiverSource* annuity products receive ratings from independent rating organizations. Ratings are important to maintain public confidence in our insurance subsidiaries and our protection and annuity products. For a discussion of the financial strength ratings of our insurance company subsidiaries, see the "Our Segments Protection Financial Strength Ratings" section, below.

Distribution

Our *RiverSource* Distributors subsidiary is a registered broker-dealer that serves both as the principal underwriter and distributor of *RiverSource* variable and fixed annuities through AFSI and as the distributor of fixed annuities through third-party channels such as banks and broker-dealer networks. Our advisors are the largest providers of *RiverSource* annuity products, although they can offer variable annuities from unaffiliated insurers as well.

In the fourth quarter of 2010, *RiverSource* Life companies discontinued the sale of variable annuity products through third-party channels in order to focus on the distribution of variable annuity products within our Advice & Wealth Management segment. We continue to provide *RiverSource* fixed annuity products through third-party channels. In 2012, we had total cash sales for fixed annuity products through third-party channels of \$147 million. As of December 31, 2012, we had distribution agreements for *RiverSource* fixed annuity products in place with more than 120 third-party firms.

Our Segments Protection

Our Protection segment provides a variety of products to address the protection and risk management needs of our retail clients, including life, disability income and property-casualty insurance. These products are designed to provide a lifetime of solutions that allow clients to protect income, grow assets and give to loved ones or charity.

Life and disability income products are primarily provided through our advisors. Our property-casualty products are sold primarily through affinity relationships. We issue insurance policies through our life insurance subsidiaries and the Property Casualty companies (as defined below under "Ameriprise Auto & Home Insurance Products"). The primary sources of revenues for this segment are premiums, fees and charges we receive to assume insurance-related risk. We earn net investment income on owned assets supporting insurance reserves and capital supporting the business. We also receive fees based on the level of assets supporting variable universal life separate account balances. This segment earns intersegment revenues from fees paid by our Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds under the variable universal life contracts. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management segment, as well as expenses for investment management services provided by our

Asset Management segment. All intersegment activity is eliminated in consolidation.

RiverSource Insurance Products

Through the RiverSource Life companies, we issue both variable and fixed (including indexed) universal life insurance, traditional life insurance and disability income insurance. These solutions are designed to help clients protect their income, grow assets and give to those individuals or causes that they care most about. Universal life insurance is a form of permanent life insurance characterized by flexible premiums, flexible death benefits and unbundled pricing factors (i.e., mortality, interest and expenses). Variable universal life insurance combines the premium and death benefit flexibility

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of universal life with underlying fund investment flexibility and the risks associated therewith. Traditional life insurance refers to whole and term life insurance policies. While traditional life insurance typically pays a specified sum to a beneficiary upon death of the insured for a fixed premium, we also offer a term life insurance product that will generally pay the death benefit in the form of a monthly income stream to a date specified at issue. We also offer a chronic care rider, *AdvanceSource*® rider, on our new permanent insurance products. This rider allows its policy holder to accelerate a portion of the life insurance death benefit in the event of a qualified chronic care need.

Our sales of *RiverSource* individual life insurance in 2012, as measured by scheduled annual premiums, lump sum and excess premiums, consisted of 11% variable universal life, 85% fixed universal life and 4% traditional life. Our *RiverSource* Life companies issue only non-participating policies that do not pay dividends to policyholders from the insurer's earnings.

Assets supporting policy values associated with fixed account life insurance and annuity products, as well as those assets associated with fixed account investment options under variable insurance and annuity products (collectively referred to as the "fixed accounts"), are part of the *RiverSource* Life companies' general accounts. Under fixed accounts, the *RiverSource* Life companies bear the investment risk. More information on the *RiverSource* Life companies' general accounts is found under "Business Our Segments Asset Management Columbia Management Management of Enterprise Owned Assets" above.

Variable Universal Life Insurance

Variable universal life insurance provides life insurance coverage along with investment returns linked to underlying investment accounts of the policyholder's choice. Options may include VIT Funds discussed above, Portfolio Navigator funds of funds, as well as variable portfolio funds of other companies. *RiverSource* variable universal life insurance products in force offer a fixed account investment option with guaranteed minimum interest crediting rates ranging from 2.0% to 4.5% at December 31, 2012.

Fixed Universal Life Insurance and Traditional Whole Life Insurance

Fixed universal life and traditional whole life insurance policies do not subject the policyholder to the investment risks associated with variable universal life insurance.

RiverSource fixed universal life insurance products provide life insurance coverage and cash value that increases by a fixed interest rate. The rate is periodically reset at the discretion of the issuing company subject to certain policy terms relative to minimum interest crediting rates.

RiverSource fixed universal life insurance policies in force provide guaranteed minimum interest crediting rates ranging from 2.0% to 5.0% at December 31, 2012. Certain fixed universal life policies offered by *RiverSource* Life 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. In 2009, we discontinued new sales of traditional whole life insurance, however, we continue to service existing policies. Our in-force traditional whole life insurance policies combine a death benefit with a cash value that generally increases gradually over a period of years.

In 2011, *RiverSource* Life began offering indexed universal life ("IUL") insurance. IUL is similar to universal life insurance in that it provides life insurance coverage and cash value that increases as a result of credited interest. In addition, as with universal life insurance, there is a minimum guaranteed credited rate of interest. Unlike universal life insurance, the rate of credited interest above the minimum guarantee for funds allocated to the indexed account is linked to the S&P 500 Index (subject to a cap). The policyholder may allocate all or a portion of the policy value to a fixed or indexed account.

Term Life Insurance

Term life insurance provides a death benefit, but it does not build up cash value. The policyholder chooses the term of coverage with guaranteed premiums at the time of issue. During the chosen term, we cannot raise premium rates even if claims experience deteriorates. At the end of the chosen term, coverage may continue with higher premiums until the maximum age is attained, or the policy expires with no value. We also offer a term life insurance product that pays the death benefit in the form of a monthly income stream.

Disability Income Insurance

Disability income insurance provides monthly benefits to individuals who are unable to earn income either at their occupation at time of disability ("own occupation") or at any suitable occupation ("any occupation") for premium payments that are guaranteed not to change. Depending upon occupational and medical underwriting criteria, applicants for disability income insurance can choose "own occupation" and "any occupation" coverage for varying benefit periods. In some states, applicants may also choose various benefit provisions to help them

integrate individual disability income insurance benefits with Social Security or similar benefit plans and to help them protect their disability income insurance benefits from the risk of inflation.

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Long Term Care Insurance

As of December 31, 2002, the RiverSource Life companies discontinued underwriting stand-alone long term care insurance. However, our advisors sell long term care insurance issued by other companies, including Genworth Life Insurance Company and John Hancock Life Insurance Company.

In 2004, the RiverSource Life companies began to file for approval to implement rate increases on most of their existing blocks of nursing home-only indemnity long term care insurance policies. Implementation of these rate increases began in early 2005 and continues. We have received approval for some or all requested increases in the 50 states where increases have been requested, with an average approved cumulative rate increase of 82.7% of premium on all such policies where an increase was requested.

In 2007, the RiverSource Life companies began to file for approval to implement rate increases on most of their existing blocks of comprehensive reimbursement long term care insurance policies. Implementation of these rate increases began in late 2007 and continues. We have received approval for some or all requested increases in 48 states, with an average approved cumulative rate increase of 28.1% of premium on all such policies where an increase was requested.

We intend to seek additional rate increases with respect to these and other existing blocks of long term care insurance policies, subject to regulatory approval.

Ameriprise Auto & Home Insurance Products

We offer personal auto, home, excess personal liability and travel insurance products through IDS Property Casualty and its subsidiary, Ameriprise Insurance Company (the "Property Casualty companies"). Our Property Casualty companies provide personal auto, home and liability coverage to clients in 43 states and the District of Columbia.

Distribution and Marketing Channels

Our Property Casualty companies do not have field agents; rather, we use co-branded direct marketing to sell our personal auto, home and travel insurance products through alliances with commercial institutions and affinity groups, and directly to our clients and the general public. We also receive referrals through our financial advisor network. Our Property Casualty companies have a multi-year distribution agreement with Costco Insurance Agency, Inc., Costco's affiliated insurance agency. Costco members represented 51% of all new policy sales of our Property Casualty companies in 2012. Through other alliances, we market our property casualty products to customers of Ford Motor Credit Company and offer personal home insurance products to customers of the Progressive Group. Termination of one or more of these alliances could adversely affect our ability to generate new sales and retain existing business.

We offer *RiverSource* life insurance products almost exclusively through our advisors. Our advisors offer insurance products issued predominantly by the RiverSource Life companies, though they may also offer insurance products of unaffiliated carriers, subject to certain qualifications.

Reinsurance

We reinsure a portion of the insurance risks associated with our life, disability income, long term care and property casualty insurance products through reinsurance agreements with unaffiliated reinsurance companies. We use reinsurance to limit losses, reduce exposure to large and catastrophic risks and provide additional capacity for future growth. To manage exposure to losses from reinsurer insolvencies, we evaluate the financial condition of reinsurers prior to entering into new reinsurance treaties and on a periodic basis during the terms of the treaties. Our insurance companies remain primarily liable as the direct insurers on all risks reinsured.

Generally, we currently reinsure 90% of the death benefit liability related to almost all individual fixed and variable universal life and term life insurance products. As a result, the RiverSource Life companies typically retain and are at risk for, at most, 10% of each policy's death benefit from the first dollar of coverage for new sales of these policies, subject to the reinsurers fulfilling their obligations. RiverSource Life began reinsuring risks at this level in 2001 (RiverSource Life of NY began in 2002) for term life insurance and 2002 (2003 for RiverSource Life of NY) for individual fixed and variable universal life insurance. Policies issued prior to these dates are not subject to these reinsurance levels. Generally, the maximum amount of life insurance risk retained by the RiverSource Life companies is \$1.5 million on a single life and \$1.5 million on any flexible premium survivorship life policy. Risk on fixed and variable universal life policies is reinsured on a yearly renewable term basis. Risk on most term life policies starting in 2001 (2002 for RiverSource Life of NY) is reinsured on a coinsurance basis, a type of reinsurance in which the reinsurer participates proportionally in all material risks and premiums associated with a policy.

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For existing long term care policies, the Company ceded 50% of the risk on a coinsurance basis to subsidiaries of Genworth Financial, Inc. ("Genworth") and retained the remaining risk. For RiverSource Life of NY, this reinsurance arrangement applies for 1996 and later issues only. As of December 31, 2012, RiverSource Life companies' credit exposure to Genworth under this reinsurance arrangement was approximately \$1.6 billion. Genworth also serves as claims administrator for our long term care policies.

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Generally, RiverSource Life companies retain at most \$5,000 per month of risk per life on disability income policies sold on policy forms introduced in most states in October 2007 (August 2010 for RiverSource Life of NY) and they reinsure the remainder of the risk on a coinsurance basis with unaffiliated reinsurance companies. RiverSource Life companies retain all risk for new claims on disability income contracts sold on other policy forms. Our insurance companies also retain all risk on accidental death benefit claims and substantially all risk associated with waiver of premium provisions.

We also reinsure a portion of the risks associated with our personal auto, home and excess liability insurance products through three types of reinsurance agreements with unaffiliated reinsurance companies, as follows:

We purchase reinsurance with a limit of \$5 million per loss, and we retain \$750,000 per loss.

We purchase catastrophe reinsurance that, for 2012, had a limit of \$110 million per event and we retained \$20 million per event. For 2013, our catastrophe reinsurance has a limit of \$125 million per event and we retain \$20 million.

We purchase reinsurance that limits our personal liability insurance exposure to 10% of any loss. This 90% quota share treaty uses the same reinsurers as our excess of loss treaty.

See Note 7 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on reinsurance.

Liabilities and Reserves

We maintain adequate financial reserves to cover the insurance risks associated with the insurance products we issue. Generally, reserves represent estimates of the invested assets that our insurance companies need to hold to provide adequately for future benefits and expenses. For a discussion of liabilities and reserves related to our insurance products, see Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Financial Strength Ratings

Independent rating organizations rate our insurance subsidiaries. Rating organizations evaluate the financial soundness and claims-paying ability of insurance companies continually, and they base their ratings on a number of different factors, including market position in core products and market segments, risk-adjusted capitalization and the quality of the company's investment portfolios. More specifically, the ratings assigned are developed from an evaluation of a company's balance sheet strength, operating performance and business profile. Balance sheet strength reflects a company's ability to meet its current and ongoing obligations to its contractholders and policyholders and includes analysis of a company's capital adequacy. The evaluation of operating performance centers on the stability and sustainability of a company's sources of earnings. The business profile component of the rating considers a company's mix of business, market position and depth and experience of management.

Our insurance subsidiaries' ratings are important to maintain public confidence in our protection and annuity products. Lowering of our insurance subsidiaries' ratings could have a material adverse effect on our ability to market our protection and annuity products and could lead to increased surrenders of these products. We list our ratings on our website at ir.ameriprise.com. For the most current ratings information, please see the individual rating agency's website.

Our Segments Corporate & Other

Our Corporate & Other segment consists of net investment income or loss on corporate level assets, including excess capital held in our subsidiaries and other unallocated equity and other revenues as well as unallocated corporate expenses.

Competition

We operate in a highly competitive global industry. As a diversified financial services firm, we compete directly with a variety of financial institutions, including registered investment advisors, securities brokers, asset managers, banks and insurance companies. Our competitors may have greater financial resources, broader and deeper distribution capabilities and products and services than we do. We compete directly with these entities for the provision of products and services to clients, as well as for our financial advisors and investment management personnel.

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Our products and services also compete indirectly in the marketplace with the products and services of our competitors.

Our Advice & Wealth Management segment competes with securities broker-dealers, independent broker-dealers, financial planning firms, registered investment advisors, insurance companies and other financial institutions to attract and retain financial advisors and their clients. Competitive factors influencing our ability to attract and retain financial advisors include compensation structures, brand recognition and reputation, product offerings and technology and service capabilities and support. Further, our financial advisors compete for clients with a range of other advisors, broker-dealers and direct channels, including wirehouses, regional broker-dealers, independent broker-dealers, insurers, banks, asset managers, registered investment advisers and direct distributors. Competitive factors influencing our ability to attract and retain clients include quality of advice provided, price, reputation, product offerings and technology and service quality.

Our Asset Management segment competes to acquire and retain managed and administered assets against a substantial number of firms, including those in the categories listed above. Such competitors may have achieved greater economies of

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scale, may offer a broader array of products and services, including affiliated products and services, and may have greater distribution capabilities. Competitive factors influencing our performance in this industry include investment performance, product offerings and innovation, product ratings, fee structures, advertising, service quality, and brand recognition and reputation. The ability to create and maintain and deepen relationships with distributors and clients also plays a significant role in our ability to acquire and retain managed and administered assets. Additional detail regarding the nature and effects of competition in the Asset Management segment is provided below in Item 1A of this Annual Report on Form 10-K "Risk Factors."

Competitors of our Annuities and Protection segments consist of both stock and mutual insurance companies. Competitive factors affecting the sale of annuity and insurance products include distribution capabilities, price, product features, hedging capability, investment performance, commission structure, perceived financial strength, claims-paying ratings, service, brand recognition and financial strength ratings from rating agencies such as A.M. Best. Competitive factors affecting the sale of property casualty insurance products also include brand recognition and distribution capabilities.

Technology

We have an integrated customer management system that serves as the hub of our technology platform. In addition, we have specialized product engines that manage individual brokerage, mutual fund and insurance accounts. Over the years we have updated our platform to include new product lines such as brokerage, deposit, credit and products of other companies, wrap accounts and e-commerce capabilities for our financial advisors and clients. We also use a proprietary suite of processes, methods and tools for our financial planning services. We update our technological capabilities regularly to help maintain an adaptive platform design that aims to enhance the productivity of our advisors to allow for faster, lower-cost responses to emerging business opportunities, compliance requirements and marketplace trends.

Most of our applications run on a technology infrastructure we outsourced to IBM in 2002. Under this arrangement, IBM is responsible for all mainframe, mid-range, computing network and storage operations, which includes a portion of our web hosting operations. Also, we outsource our voice network operations to AT&T. In addition to these two arrangements, we outsourced our internal help desk, production support and a substantial portion of the development and maintenance of our computer applications to other firms. In 2009, we initiated a major replacement of our brokerage and clearing platforms. This project was completed in 2012 with the transition of all of our all advisors and clients to the new technology platform.

We have developed and maintain a comprehensive business continuity plan that covers business disruptions of varying severity and scope and addresses the loss of a geographic area, building, staff, data systems and/or telecommunications capabilities. We review and test our business continuity plan on an ongoing basis and update it as necessary. We require our key technology vendors and service providers to do the same. Under our business continuity plan, we expect to be able to continue doing business and to resume operations with minimal service impacts. However, under certain scenarios, the time that it would take for us to recover and resume operations may significantly increase depending on the extent and geographic scope of the disruption and the number of personnel affected.

Geographic Presence

For years ended December 31, 2012, 2011 and 2010, approximately 89%, 89% and 88%, respectively, of our long-lived assets were located in the United States and approximately 94%, 94% and 94%, respectively, of our net revenues were generated in the United States. The majority of our foreign operations are conducted through Threadneedle, as described in this Annual Report on Form 10-K under "Business Our Segments Asset Management Threadneedle."

Employees

At December 31, 2012, we had 12,235 employees, including 2,318 employee advisors (which does not include our franchisee advisors, who are not employees of our company). We are not subject to collective bargaining agreements, and we believe that our employee relations are strong.

Intellectual Property

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. In the United States and other jurisdictions, we have established certain service marks and brand names that we consider important to the marketing of our products and services, including but not limited to Ameriprise Financial, Columbia Management, RiverSource and Threadneedle. We have in the past and will in the future take action to protect our intellectual property.

Regulation

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Virtually all aspects of our business, including the activities of the parent company and our subsidiaries, are subject to various federal, state and foreign laws and regulations. These laws and regulations provide broad regulatory, administrative and enforcement powers to supervisory agencies and other bodies, including U.S. federal and state regulatory agencies,

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foreign government agencies or regulatory bodies and U.S. and foreign securities exchanges. The costs of complying with such laws and regulations can be significant, and the consequences for the failure to comply may include civil or criminal charges, fines, censure, the suspension of individual employees, restrictions on or prohibitions from engaging in certain lines of business as well as reputational damage.

In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") was enacted into law. The Dodd-Frank Act called for sweeping changes in the supervision and regulation of the financial services industry designed to provide for greater oversight of financial industry participants, reduce risk in banking practices and in securities and derivatives trading, enhance public company corporate governance practices and executive compensation disclosures, and provide greater protections to individual consumers and investors. Certain elements of the Dodd-Frank Act have since taken effect, though the details of many provisions remain subject to additional studies and the adoption of final rules by applicable regulatory agencies. Domestic and international legal and regulatory changes, including those resulting from the Dodd-Frank Act, have impacted and may in the future impact the manner in which we are regulated and the manner in which we operate and govern our businesses.

The discussion set forth below provides a general framework of the laws and regulations impacting our businesses. Certain of our subsidiaries may be subject to one or more elements of this regulatory framework depending on the nature of their business, the products and services they provide and the geographic locations in which they operate. To the extent the discussion includes references to statutory and regulatory provisions, it is qualified in its entirety by reference to these statutory and regulatory provisions.

Broker-Dealer and Securities Regulation

Certain of our subsidiaries are registered with the SEC as broker-dealers under the Securities Exchange Act of 1934 ("Exchange Act") and with certain states, the District of Columbia and other U.S. territories. Our broker-dealer subsidiaries are also members of self-regulatory organizations, including the Financial Industry Regulatory Authority ("FINRA"), and are subject to the regulations of these organizations. The SEC and FINRA have stringent rules with respect to the net capital requirements and the marketing and trading activities of broker-dealers. Our broker-dealer subsidiaries, as well as our financial advisors and other personnel, must obtain all required state and FINRA licenses and registrations to engage in the securities business and take certain steps to maintain such registrations in good standing. SEC regulations also impose notice requirements and capital limitations on the payment of dividends by a broker-dealer to a parent.

Other agencies, exchanges and self-regulatory organizations of which certain of our broker-dealer subsidiaries are members, and subject to applicable rules and regulations of, include the Commodities Futures Trading Commission ("CFTC"), the National Futures Association ("NFA") and various stock exchanges. AFSI is registered with the CFTC and is thus subject to the requirements of the Commodity Exchange Act. AEIS is a member of the Boston Stock Exchange and is a stockholder in the Chicago Stock Exchange. In addition, certain subsidiaries may also be registered as investment advisers or insurance agencies and subject to the regulations described in the following sections.

Ameriprise Certificate Company, our face-amount certificate company, is regulated as an investment company under the Investment Company Act. As a registered investment company, Ameriprise Certificate Company must observe certain governance, disclosure, record-keeping, operational and marketing requirements. Investment companies are required by the SEC to adopt and implement written policies and procedures designed to prevent violations of the federal securities laws and to designate a chief compliance officer. Ameriprise Certificate Company pays dividends to the parent company and is subject to capital requirements under applicable law and understandings with the SEC and the Minnesota Department of Commerce (Banking Division).

Ameriprise India Insurance Brokers Services Private Limited ("AIIBSPL"), an Indian subsidiary, is licensed by India's IRDA as a direct insurance broker and is subject to regulation by the IRDA and the Indian Registrar of Companies. AIIBSPL is subject to various ongoing internal control and compliance policies, capital requirements and statutory audit and reporting obligations as a condition to maintaining its license. Further, AIIBSPL employees are required to receive training prior to becoming licensed to provide insurance brokerage services.

Our financial advisors are subject to various regulations that impact how they operate their practices, including those related to supervision, sales methods, trading practices, record-keeping and financial reporting. As a result of the Dodd-Frank Act, our financial advisors may in the future become subject to a fiduciary standard of conduct in connection with their broker-dealer activities that is no less stringent than what is currently applied to investment advisers under the Investment Advisers Act of 1940 ("Advisers Act"). In addition, because our independent contractor advisor platform is structured as a franchise system, we are also subject to Federal Trade Commission and state franchise requirements. Compliance with these and other regulatory requirements adds to the cost and complexity of operating our business. We maintain franchise standards and requirements for our franchisees regardless of location. We have made and expect to continue to make significant investments in our compliance processes, enhancing policies, procedures and oversight to monitor our compliance with the numerous legal and regulatory requirements applicable to our business.

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Investment Adviser and Asset Management Regulation

In the U.S., certain of our subsidiaries are registered as investment advisers under the Advisers Act and subject to regulation by the SEC. The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary duties, disclosure obligations and record-keeping, and operational and marketing restrictions. Investment advisers are required by the SEC to adopt and implement written policies and procedures designed to prevent violations of the Advisers Act and to designate a chief compliance officer responsible for administering these policies and procedures. Our registered investment advisers may also be subject to certain obligations of the Investment Company Act based on their status as investment advisers to investment companies that we, or third parties, sponsor. The SEC is authorized to institute proceedings and impose sanctions for violations of either the Advisers Act or the Investment Company Act, which may include fines, censure or the suspension or termination of an investment adviser's registration. As an outcome of the Dodd-Frank Act, Congress is considering whether to modify the SEC's investment adviser examination program by authorizing one or more self-regulatory organizations to examine, subject to SEC oversight, SEC-registered investment advisers.

In connection with new rules adopted by the CFTC, certain of our subsidiaries were required to register with the NFA, a self-regulatory body under CFTC jurisdiction, as a commodity trading advisor and commodity pool operator. The new rules adopted by the CFTC eliminated or limited previously available exemptions and exclusions from many CFTC requirements and will impose additional registration and reporting requirements for operators of certain registered investment companies and certain other pooled vehicles that use or trade in futures, swaps and other derivatives that are subject to CFTC regulation. Additional regulations continue to be under consideration by the CFTC, including a proposed harmonization rules that would seek to harmonize the operational, disclosure and reporting requirements of registered investment companies under CFTC rules with those now required by the SEC under its rules. The CFTC or the NFA may institute proceedings and impose sanctions for violations of the Commodity Exchange Act and applicable rules relating to commodities and commodity-related instruments (including stock index futures); sanctions may include fines, censure or the suspension or termination of registration or NFA membership.

Outside of the U.S., our Threadneedle group is authorized to conduct its financial services business in the United Kingdom under the Financial Services and Markets Act 2000. Threadneedle is currently regulated by the Financial Services Authority ("FSA"), although we expect the FSA's responsibilities to be transitioned to the Financial Conduct Authority and the Prudential Regulation Authority during 2013. FSA rules impose certain capital, operational and compliance requirements and allow for disciplinary action in the event of noncompliance. Additionally, in connection with its recent retail distribution review, the FSA adopted new rules, which became effective on December 31, 2012, that govern the manner in which retail clients pay for investment advice provided with respect to retail investment products, including open-ended and closed-ended funds and structured products. There may be a period of adjustment in the market acceptance of affected products as the market adapts to these new rules and as the FSA begins to interpret and apply them.

In addition to the above, certain of our asset management subsidiaries, such as Threadneedle's U.K. and other European subsidiaries, are required to comply with pan-European directives issued by the European Commission, as adopted by E.U. member states. For example, Threadneedle and certain of our other asset management subsidiaries will be required to comply with the Alternative Investment Fund Managers Directive ("AIFMD"), which must be adopted by all E.U. member states by July 22, 2013. AIFMD will establish a regulatory and supervisory framework for investment managers performing management or marketing activities with respect to alternative investment funds, in particular hedge funds, private equity funds and real estate funds.

Threadneedle companies and activities are also subject to local country regulations in Europe, Dubai, Hong Kong, Singapore, Taiwan, the U.S. and Australia. Additionally, many of our subsidiaries are also subject to foreign, state and local laws with respect to advisory services that are offered and provided by these subsidiaries, including services provided to government pension plans. Foreign and state governments may also institute proceedings and impose sanctions for violations of their local laws, which may include fines, censure or the suspension or termination of the right to do certain types of business in a state or country.

ATC is primarily regulated by the Minnesota Department of Commerce (Banking Division) and is subject to capital adequacy requirements under Minnesota law. It may not accept deposits or make personal or commercial loans. As a provider of products and services to tax-qualified retirement plans and IRAs, certain aspects of our business, including the activities of our trust company, fall within the compliance oversight of the U.S. Departments of Labor and Treasury, particularly regarding the enforcement of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the tax reporting requirements applicable to such accounts. ATC, as well as our investment adviser subsidiaries, may be subject to ERISA, and the regulations thereunder, insofar as they act as a "fiduciary" under ERISA with respect to certain ERISA clients. ERISA and related provisions of the Internal Revenue Code impose duties on persons who are fiduciaries under ERISA, and prohibit certain transactions involving the assets of ERISA plan clients and certain transactions by the fiduciaries to the plans. The Department of Labor is considering proposed regulations that would significantly expand the scope of who is considered an ERISA fiduciary and what activity constitutes acting as an ERISA fiduciary, while prohibiting certain additional types of transactions conducted by persons who are considered fiduciaries.

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Insurance Regulation

Our insurance subsidiaries are subject to supervision and regulation by states and other territories where they are domiciled or otherwise licensed to do business. The primary purpose of this regulation and supervision is to protect the interests of contractholders and policyholders. In general, state insurance laws and regulations govern standards of solvency, capital requirements, the licensing of insurers and their agents, premium rates, policy forms, the nature of and limitations on investments, periodic reporting requirements and other matters. In addition, state regulators conduct periodic examinations into insurer market conduct and compliance with insurance and securities laws. The Minnesota Department of Commerce, the Wisconsin Office of the Commissioner of Insurance, and the New York State Department of Financial Services (the "Domiciliary Regulators") regulate certain of the RiverSource Life companies, and the Property Casualty companies depending on each company's state of domicile. In addition to being regulated by their Domiciliary Regulators, our RiverSource Life companies and Property Casualty companies are regulated by each of the insurance regulators in the states where each is authorized to transact business. Financial regulation of our RiverSource Life companies and Property Casualty companies is extensive, and their financial and intercompany transactions (such as intercompany dividends, capital contributions and investment activity) are often subject to pre-notification and continuing evaluation by the Domiciliary Regulators.

Virtually all states require participation in insurance guaranty associations, which assess fees to insurance companies in order to fund claims of policyholders and contractholders of insolvent insurance companies subject to statutory limits. These assessments are generally based on a member insurer's proportionate share of all premiums written by member insurers in the state during a specified period prior to an insolvency. See Note 22 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information regarding guaranty association assessments.

Certain variable annuity and variable life insurance policies offered by the RiverSource Life companies constitute and are registered as securities under the Securities Act of 1933, as amended. As such, these products are subject to regulation by the SEC and FINRA. Securities regulators have recently increased their focus on the adequacy of disclosure regarding complex investment products, including variable annuities and life insurance, and have announced that they will continue to review actions by life insurers to improve profitability and reduce risks under in-force annuity and insurance products with guaranteed benefits. In reviewing such actions, regulators examine, among other factors, potential conflicts between an insurer's financial interests and the interests of the contract owners, as well as perceived inconsistencies between an insurer's actions and the expectations of investors at the time a product was sold.

The Dodd-Frank Act created the Federal Insurance Office ("FIO") within the Department of Treasury. The FIO does not have substantive regulatory responsibilities, though it is tasked with monitoring the insurance industry and the effectiveness of its regulatory framework and providing periodic reports to the President and Congress. The scope and impact of the research and reports provided by the FIO and the work of the Basel, Switzerland-based International Association of Insurance Supervisors ("IAIS"), and the extent to which such work may ultimately lead to a more prominent role of the federal government in the regulation of the insurance industry, is uncertain.

In October 2012, RiverSource Life purchased a block of residential mortgage loans from Ameriprise Bank, FSB. As an owner and servicer of residential mortgages, RiverSource Life must comply with applicable federal and state lending laws and is subject to the jurisdiction of the federal Consumer Finance Protection Bureau and certain state regulators relative to these mortgage loans.

Each of our insurance subsidiaries is subject to risk-based capital ("RBC") requirements designed to assess the adequacy of an insurance company's capital and surplus in relation to its investment and insurance risks. The National Association of Insurance Commissioners ("NAIC") has established RBC standards that virtually all state insurance departments have adopted, with minor modifications. The RBC requirements are used by the NAIC and state insurance regulators to identify companies that merit regulatory actions designed to protect policyholders. Our RiverSource Life companies and Property Casualty companies are subject to various levels of regulatory intervention should their total adjusted statutory capital fall below defined RBC action levels. At the "company action level," defined as total adjusted capital level between 100% and 75% of the RBC requirement, an insurer must submit a plan for corrective action with its primary state regulator. The "regulatory action level," which is between 75% and 50% of the RBC requirement, subjects an insurer to examination, analysis and specific corrective action prescribed by the primary state regulator. If a company's total adjusted capital falls between 50% and 35% of its RBC requirement, referred to as "authorized control level," the insurer's primary state regulator may place the insurer under regulatory control. Insurers with total adjusted capital below 35% of the requirement will be placed under regulatory control.

RiverSource Life, RiverSource Life of NY, IDS Property Casualty and Ameriprise Insurance Company maintain capital levels well in excess of the company action level required by state insurance regulators. For RiverSource Life, the company action level RBC was \$620 million as of December 31, 2012, and the corresponding total adjusted capital was \$3.3 billion, which represents 525% of company action level RBC. For RiverSource Life of NY, the company action level RBC was \$44 million as of December 31, 2012, and the corresponding total adjusted capital was \$256 million, which represents 577% of company action level RBC. As of December 31, 2012, the company action level RBC was

\$66 million for IDS

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Property Casualty and \$730,404 for Ameriprise Insurance Company. As of December 31, 2012, IDS Property Casualty had \$462 million of total adjusted capital, or 704% of the company action level RBC, and Ameriprise Insurance Company had \$43 million of total adjusted capital, or 5847% of the company action level RBC.

Ameriprise Financial, as a direct and indirect owner of its insurance subsidiaries, is subject to the insurance holding companies laws of the states where its insurance subsidiaries are domiciled. These laws generally require insurance holding companies to register with the insurance department of the insurance company's state of domicile and to provide certain financial and other information about the operations of the companies within the holding company structure. In addition, transactions between an insurance company and other companies within the same holding company structure must be on terms that are considered to be fair and reasonable.

Federal Banking Regulation

In 2012, Ameriprise Bank requested regulatory approval to convert from a federal savings bank to a limited powers national trust bank. We completed this conversion, as well as the renaming of the entity as Ameriprise National Trust Bank, January 2013. As a limited powers national association, Ameriprise National Trust Bank remains subject to supervision under various laws and regulations enforced by the OCC, including those related to capital adequacy, liquidity and conflicts of interest, and to a limited extent, by the FDIC.

Prior to the conversion, Ameriprise Financial, as the sole owner of Ameriprise Bank, was subject to consolidated regulation, supervision and examination by the Board of Governors for the Federal Reserve System ("FRB") as a savings and loan holding company. In addition, Ameriprise Financial had previously elected to be classified as a financial holding company subject to regulation under the Bank Holding Company Act of 1956 (as amended), which election imposed certain restrictions on the activities of Ameriprise Financial and required both Ameriprise Financial and Ameriprise Bank to remain well capitalized, well managed and to have a sufficient standing under the Community Reinvestment Act. Following the conversion of Ameriprise Bank, Ameriprise Financial deregistered as a savings and loan holding company and is no longer subject to consolidated regulation or supervision by the FRB as such, nor is it subject to the additional FRB requirements applicable to financial holding companies.

Parent Company Regulation

Ameriprise Financial is a publicly traded company that is subject to SEC and New York Stock Exchange ("NYSE") rules and regulations regarding public disclosure, financial reporting, internal controls and corporate governance. The adoption of the Sarbanes-Oxley Act of 2002 significantly enhanced these rules and regulations and may continue to evolve.

We have operations in a number of geographical regions outside of the U.S. through Threadneedle and certain of our other subsidiaries. We monitor developments in European Union ("EU") legislation, as well as in the other markets in which we operate, to ensure that we comply with all applicable legal requirements, including EU directives applicable to financial institutions as implemented in the various member states. Because of the mix of business activities we conduct, we continually assess the impact of, and ensure compliance with, the EU Financial Conglomerates Directive, which contemplates that certain financial conglomerates involved in banking, insurance and investment activities among other things, implement measures to prevent excessive leverage and multiple leveraging of capital and maintain internal control processes to address risk concentrations as well as risks arising from significant intragroup transactions.

Privacy

Many aspects of our business are subject to comprehensive legal requirements by a multitude of different functional regulators concerning the use and protection of personal information, particularly that of clients. This includes rules adopted pursuant to the Gramm-Leach-Bliley Act, the Fair and Accurate Credit Transactions Act, an ever increasing number of state laws, and EU data protection legislation as domestically implemented in the respective EU member states. We have also implemented policies and procedures in response to such requirements in the UK. We continue our efforts to safeguard the data entrusted to us in accordance with applicable law and our internal data protection policies, including taking steps to reduce the potential for identity theft or other improper use or disclosure of personal information, while seeking to collect and use data to properly achieve our business objectives and to best serve our clients.

USA Patriot Act

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, commonly referred to as the USA Patriot Act, was enacted in October 2001 in the wake of the September 11th terrorist attacks. The USA Patriot Act broadened existing anti-money laundering legislation and the extraterritorial jurisdiction of the United States substantially. In response, we enhanced our existing anti-money laundering programs and developed new procedures and programs. For example, we implemented a customer identification program applicable to many of our businesses and enhanced our "know your customer" and "due diligence" programs. In addition, we will

continue to comply with anti-money laundering legislation in the UK derived from applicable EU directives and international initiatives adopted in other jurisdictions in which we conduct business.

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Securities Exchange Act Reports and Additional Information

We maintain an Investor Relations website at ir.ameriprise.com, and we make available our annual, quarterly and current reports free of charge and post any amendments to those reports as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these and other documents, click on the "SEC filings" link found on our Investor Relations homepage.

Investors can also access our Investor Relations website through our main website at ameriprise.com by clicking on the "Investor Relations" link located at the bottom of our homepage. Information contained on our website is not incorporated by reference into this report or any other report filed with the SEC.

Segment Information and Classes of Similar Services

You can find financial information about our operating segments and classes of similar services in Note 25 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 1A. Risk Factors.

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.

Risks Relating to Our Business and Operations

Our financial condition and results of operations may be adversely affected by market fluctuations and by economic, political and other factors.

Our financial condition and results of operations may be materially affected by market fluctuations and by economic and other factors. Many such factors of a global or localized nature include: political, social, economic and market conditions; the availability and cost of capital; the level and volatility of equity prices, commodity prices and interest rates, currency values and other market indices; technological changes and events; U.S. and foreign government fiscal and tax policies; the availability and cost of credit; inflation; investor sentiment and confidence in the financial markets; terrorism and armed conflicts; and natural disasters such as weather catastrophes and widespread health emergencies. 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.

Declines and volatility in U.S. and global market conditions have impacted our businesses in the past and may continue to do so. 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 may exist, which of our markets, products and businesses will be directly affected in terms of revenues, management fees and investment valuations and earnings, 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.

Our revenues are largely dependent upon the level and mix of assets under management and administration, which are subject to fluctuation based on market conditions and client activity. Downturns and volatility in equity markets can have, and have had, an adverse effect on the revenues and returns from our asset management services, wrap accounts and variable annuity contracts. Because the profitability of these products and services depends on fees related primarily to the value of assets under management, declines in the equity markets will reduce our revenues because the value of the investment assets we manage will be reduced. In addition, market downturns and volatility may cause, and have caused, potential new purchasers of our products to limit purchases of or to refrain from purchasing products, such as mutual funds, OEICs, variable annuities and variable universal life insurance. Downturns may also cause current shareholders in our mutual funds, OEICs, SICAV,

unit trusts and investment trusts, contractholders in our annuity products and policyholders in our protection products to withdraw cash values from those products.

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Some of our variable annuity products contain guaranteed minimum death benefits and guaranteed minimum withdrawal and accumulation benefits. A significant equity market decline or volatility in equity 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. Although we have hedged a portion of the guarantees for the variable annuity contracts to mitigate the financial loss of equity 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. Further, the cost of hedging our liability for these guarantees has increased as a result of low interest rates and volatility in the equity markets. In addition, heightened volatility creates greater uncertainty for future hedging effectiveness.

We believe that investment performance is an important factor in the success of many of our businesses. Poor investment performance could impair our revenues and earnings, as well as our prospects for growth. A significant portion of our revenue is derived from investment management agreements with the *Columbia Management* family of mutual funds that are terminable on 60 days' notice. In addition, although some contracts governing investment management services are subject to termination for failure to meet performance benchmarks, institutional and individual clients can terminate their relationships with us or our financial advisors at will or on relatively short notice. Our clients can also reduce the aggregate amount of managed assets or shift their funds to other types of accounts with different rate structures, for any number of reasons, including investment performance, changes in prevailing interest rates, changes in investment preferences, changes in our (or our advisors') reputation in the marketplace, changes in client management or ownership, loss of key investment management personnel and financial market performance. A reduction in managed assets, and the associated decrease in revenues and earnings, could have a material adverse effect on our business. Moreover, if our money market funds experience a decline in market value, we may choose to contribute capital to those funds without consideration, which would result in a loss.

During periods of unfavorable or stagnating market or economic conditions, the level of individual investor participation in the global markets may also decrease, which would negatively impact the results of our retail businesses. Concerns about current market and economic conditions, declining real estate values and decreased consumer confidence have caused, and in the future may cause, some of our clients to reduce the amount of business they do with us. Fluctuations in global market activity could impact the flow of investment capital into or from assets under management and the way customers allocate capital among money market, equity, fixed maturity or other investment alternatives, which could negatively impact our Asset Management, Advice & Wealth Management and Annuities businesses. 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. Uncertain economic conditions and heightened market volatility may also increase the likelihood that clients or regulators present or threaten legal claims, that regulators may increase the frequency and scope of their examinations of us or the financial services industry generally, and that lawmakers may enact new requirements or taxation which can have a material impact on our revenues, expenses or statutory capital requirements.

Changes in interest rates and prolonged periods of low interest rates may adversely affect our financial condition and results of operations.

Certain of our insurance and annuity products and certain of our investment products are sensitive to interest rate fluctuations, and future impacts associated with such variations may 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. Although we typically hedge to mitigate some of the effect of such fluctuations, significant changes in interest rates could have a material adverse impact on our results of operations.

During periods of increasing market interest rates, we offer higher crediting rates on interest-sensitive products, such as fixed universal life insurance, fixed annuities and face-amount certificates, and we increase crediting rates on in-force products to keep these products competitive. Because returns 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 may cause increased policy surrenders, withdrawals from life insurance policies, annuity contracts and certificates of deposit and requests for policy loans, as policyholders, contractholders and depositors seek to shift assets to products with perceived higher returns. This process may lead to an earlier than expected outflow of cash from our business. Also, increases in market interest rates may result in extension of certain cash flows from structured mortgage assets. These withdrawals and surrenders 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 realized investment losses. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition and results of operations. An increase in 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.

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During periods of falling interest rates or stagnancy of low interest rates, our spread may be reduced or could become negative, primarily because some of our products have guaranteed minimum crediting rates. Due to the long-term nature of the liabilities associated with certain of our businesses, such as long term care and fixed universal life with secondary guarantees as well as fixed annuities and 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. In addition, reduced or negative spreads may require us to accelerate amortization of DAC, which would increase our expenses and reduce our net earnings.

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. In addition, during those periods, 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 invest the cash proceeds of these securities in lower-yielding or lower-credit instruments.

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and our cost of capital.

The capital and credit markets may experience, and have experienced, varying degrees of volatility and disruption. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers. We need liquidity to pay our operating expenses, interest expenses and dividends on our capital stock. Without sufficient liquidity, we could be required to curtail our operations and our business would 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 when combined with expected cash inflows from investments and operations, is adequate to meet anticipated short-term and long-term benefit and expense payment obligations. In the event current resources are insufficient to satisfy our needs, we may access financing sources such as bank debt. The availability of additional financing would depend 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, as well as the possibility that our shareholders, customers or lenders could develop a negative perception of our long- or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be rendered more costly or impaired if regulatory authorities or rating organizations take actions against us.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business. Such market conditions may limit our ability to satisfy statutory capital requirements, 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.

A downgrade or a potential downgrade in our financial strength or credit ratings could adversely affect our financial condition and results of operations.

Financial strength ratings, which various ratings 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, the ability to market our products and our competitive position. A downgrade in our financial strength ratings, or the announced potential for a downgrade, could have a significant adverse effect on our financial condition and results of operations in many ways, including: reducing new sales of insurance products, annuities and investment products; adversely affecting our relationships with our advisors and third-party distributors of our products; materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders; requiring us to reduce prices for many of our products and services to remain competitive; and adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance.

A downgrade in our credit ratings could also adversely impact our future cost and speed of borrowing and have an adverse effect on our financial condition, results of operations and liquidity.

In view of the difficulties experienced in recent years by many financial institutions, including our competitors in the insurance industry, the ratings organizations have heightened the level of scrutiny that they apply to such institutions and have requested additional information from the companies that they rate. They may increase the frequency and scope of their credit reviews, adjust upward the capital and other requirements employed in the ratings organizations' models for maintenance of ratings levels, or downgrade ratings applied to particular classes of securities or types of institutions.

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Ratings organizations may also become subject to tighter laws, regulations or scrutiny governing ratings, which may in turn impact ratings assigned to financial institutions.

We cannot predict what actions rating organizations may take, or what actions we may take in response to the actions of rating organizations, which could adversely affect our business. As with other companies in the financial services industry, our ratings could be changed at any time and without any notice by the ratings organizations.

Intense competition and the economics of changes in our product revenue mix and distribution channels could negatively impact our ability to maintain or increase our market share and profitability.

Our businesses operate in intensely competitive industry segments. We compete based on a number of factors, including name recognition, service, the quality of investment advice, investment performance, product offerings and features, price, perceived financial strength, claims-paying ability and credit ratings. Our competitors include broker-dealers, banks, asset managers, insurers and other financial institutions. Many of our businesses face competitors that have greater market share, offer a broader range of products, have greater financial resources, or have higher claims-paying ability or credit ratings than we do. Some of our competitors may possess or acquire intellectual property rights that could provide a competitive advantage to them in certain markets or for certain products, which could make it difficult for us to introduce new products and services. Some of our competitors' proprietary products or technology could be similar to our own, and this could result in disputes that could impact our financial condition or results of operations. In addition, over time certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This convergence could result in our competitors gaining greater resources, and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices.

Historically, our advisor network provided annuity and insurance products issued almost exclusively (in the case of annuities) or predominantly (in the case of protection products) by our RiverSource Life companies. In 2010, we began to expand the offerings available to all of our advisors to include variable annuities issued by a limited number of unaffiliated insurance companies. As a result of this and further openings of our advisor network to the products of other companies, we could experience lower sales of our companies' products, higher surrenders, 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.

We face intense competition in attracting and retaining key talent.

Our continued success depends to a substantial degree on our ability to attract and retain qualified people. We are dependent on our network of advisors for a significant portion of the sales of our mutual funds, annuities, face-amount certificates and insurance products. 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 decisioning of our portfolio managers and analysts. The market for these financial advisors and portfolio managers is extremely competitive, as are the markets for qualified and skilled executives and marketing, finance, legal, compliance and other professionals. If we are unable 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 impairment or negative performance of other financial institutions 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 and other 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 due to it. 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. There can be no assurance that any such losses or impairments to the carrying value of these assets would not materially and adversely impact our business and results of operations.

Downgrades in the credit or financial strength ratings assigned to the counterparties with whom we transact or other adverse reputational impacts to such counterparties could create the perception that our financial condition will be adversely impacted as a result of potential future defaults by such counterparties. Additionally, we could be adversely

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affected by a general, negative perception of financial institutions caused by the downgrade or other adverse impact to the reputation of other financial institutions. Accordingly, ratings downgrades or other adverse reputational impacts for other financial institutions could affect our market capitalization and could limit access to or increase our cost of capital.

A number of the products and services we make available to our clients are those offered by third parties, for which we may generate revenue based on the level of assets under management, the number of client transactions or otherwise. The poor performance of such products and services, or negative perceptions of the firms offering such products and services, may adversely impact our sales of such products and services and reduce our revenue. In addition, such failures or poor performance of products and services offered by other financial institutions could adversely impact consumer confidence in products and services that we offer. Negative perceptions of certain financial products and services, or the financial industry in general, may increase the number of withdrawals and redemptions or reduce purchases made by our clients, which would adversely impact the levels of our assets under management, revenues and liquidity position.

A drop in investment performance as compared to 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 helps to ensure the retention of our products and services by our clients and creates 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 achieving 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 may further reduce profits as sales of other companies' mutual funds are less profitable than sales of our proprietary funds.

We may not be able to maintain our unaffiliated third-party distribution channels or the terms by which unaffiliated third parties sell our products.

We distribute certain of our investment products and fixed annuities 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 and to increase our assets under management, revenues and profitability. There can be no assurance that the distribution relationships we have established will continue, as our distribution partners may cease to operate or otherwise terminate their relationship with us. Any such reduction in access to third-party distributors may have a material adverse effect on our ability to market our products and to generate revenue in our Asset Management and Annuities segments.

Access to distribution channels is subject to intense competition due to the large number of competitors and products in the investment advisory and annuities industries. Relationships with distributors are subject to periodic negotiation that may result in increased distribution costs and/or reductions in the amount of our products marketed. 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.

We face risks arising from acquisitions and divestitures.

We have made acquisitions and divestitures 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, 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, 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 for the acquired businesses. Risks in divestiture transactions include difficulties in the separation of the disposed business, retention or obligation to indemnify certain liabilities, the failure of counterparties to satisfy payment obligations, unfavorable market conditions that may impact any earnout or contingency payment due to us and unexpected difficulties in losing employees of the disposed business. 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.

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Third-party defaults, bankruptcy filings, legal actions and other events may limit the value of or restrict our access and our clients' access to cash and investments.

Capital and credit market volatility 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. Any such election to provide support may arise from factors specific to our clients, our products or industry-wide factors. 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.

Defaults in our fixed maturity securities portfolio or consumer credit holdings could adversely affect our earnings.

Issuers of the fixed maturity securities that we own may default on principal and interest payments. As of December 31, 2012, 6% of our invested assets had ratings below investment-grade. Moreover, economic downturns and corporate malfeasance can increase the number of companies, including those with investment-grade ratings, that default on their debt obligations. 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.

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: (i) valuation methodologies; (ii) securities we deem to be comparable; and (iii) 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, interest rates, 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, 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 or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, thereby resulting in values which may be less than the value at which the investments may be ultimately sold. Further, rapidly changing and unprecedented 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 and impairments taken on certain 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 and impairments vary by investment type and is based upon our periodic evaluation and assessment of inherent and known risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. Historical trends may not be indicative of future impairments or allowances.

The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value that considers a wide range of factors about the security issuer or borrower, and management uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security

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or loan and in assessing the prospects for recovery. Inherent in management's evaluation of the security or loan are assumptions and estimates about the operations of the issuer and its future earnings potential.

Some of our investments are relatively illiquid.

We invest a portion of our owned assets in certain privately placed fixed income securities, mortgage loans, policy loans, limited partnership interests, collateralized debt obligations and restricted investments held by securitization trusts, among others, all of which are relatively illiquid. These asset classes represented 18% of the carrying value of our investment portfolio as of December 31, 2012. 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 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 the financial condition of numerous insurers, including insurers currently in receiverships, increasing the risk of triggering guaranty fund assessments. For more information regarding assessments from guaranty fund associations, see Note 22 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

If the counterparties to our reinsurance arrangements or to the derivative instruments we use to hedge our business risks default, 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 our risks in various circumstances as described in Item 1 of this Annual Report on Form 10-K "Business Our Segments Protection Reinsurance." Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit and performance risk with respect to our reinsurers. 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. See Notes 2 and 7 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

In addition, we use a variety of derivative instruments (including options, forwards, and interest rate and currency swaps) with a number of counterparties to hedge business risks. The amount and breadth of exposure to derivative counterparties, as well as the cost of derivative instruments, have increased significantly in connection with our strategies to hedge guaranteed benefit obligations under our variable annuity products. If our counterparties fail to honor their obligations under the derivative instruments in a timely manner, our hedges of the related risk will be ineffective. That failure could have a material adverse effect on our financial condition and results of operations. This risk of failure of our hedge transactions from counterparty default may be increased by capital market volatility.

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 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. For more information on how we set our reserves, see Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Morbidity rates or mortality rates that differ significantly from our pricing expectations could negatively affect profitability.

We set prices for *RiverSource* life insurance and some annuity products based upon expected claim payment patterns, derived from assumptions we make about our policyholders and contractholders, the morbidity rates, or likelihood of sickness, and mortality rates, or likelihood of death. The long-term profitability of these products depends upon how our actual experience compares with our pricing assumptions. For example, if morbidity rates are higher, or mortality rates are

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lower, than our pricing assumptions, we could be required to make greater payments under disability income insurance policies, chronic care riders and immediate annuity contracts than we had projected. The same holds true for long term care policies we previously underwrote to the extent of the risks that we retained. 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 risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our long term care insurance products notwithstanding our ability to implement future price increases with regulatory approvals. As with life insurance, long term care insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years. However, as a relatively new product in the market, long term care insurance does not have the extensive claims experience history of life insurance and, as a result, our ability to forecast future claim rates for long term care insurance is more limited than for life insurance. We have sought to moderate these uncertainties to some extent by partially reinsuring long term care policies we previously underwrote and by limiting our present long term care insurance offerings to policies underwritten fully by unaffiliated third-party insurers, and we have also implemented rate increases on certain in-force policies as described in Item 1 of this Annual Report on Form 10-K "Business Our Segments Protection RiverSource Insurance Products Long Term Care Insurance." We may be required to implement additional rate increases in the future and may or may not receive regulatory approval for the full extent and timing of any rate increases that we may seek.

We may face losses if there are significant deviations from our assumptions regarding the future persistency of our insurance policies and annuity contracts.

The prices and expected future profitability of our life insurance and deferred annuity products are based in part upon assumptions related to persistency, which is the probability that a policy or contract will remain in force from one period to the next. Given the ongoing economic and market dislocations, future consumer persistency behaviors could vary materially from the past. The effect of persistency on profitability varies for different products. 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, primarily 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 long term care insurance and universal life insurance policies with secondary guarantees, as well as 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. Some of our long term care insurance policies have experienced higher persistency and poorer loss experience than we had assumed, which led us to increase premium rates on certain 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 long term care 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.

We may be required to accelerate the amortization of DAC, which would increase our expenses and reduce profitability.

DAC represent the portion of costs which are incremental and direct to the acquisition of new or renewal business, principally direct sales commissions and other distribution and underwriting costs that have been deferred on the sale of annuity, life and disability income insurance and, to a lesser extent, marketing and promotional expenses for personal auto and home insurance, and distribution expenses for certain mutual fund products. For annuity and universal life products, DAC are amortized based on projections of estimated gross profits over amortization periods equal to the approximate life of the business. For other insurance products, DAC are generally amortized as a percentage of premiums over amortization periods equal to the premium-paying period. For certain mutual fund products, we generally amortize DAC over fixed periods on a straight-line basis, adjusted for redemptions.

Our projections underlying the amortization of DAC require the use of certain assumptions, including interest margins, mortality rates, persistency rates, maintenance expense levels and customer asset value growth rates for variable products. We periodically review and, where appropriate, adjust our assumptions. When we change our assumptions, we may be required to accelerate the amortization of DAC or to record a charge to increase benefit reserves.

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For more information regarding DAC, see Part II, Item 7 of this Annual Report on Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Deferred Acquisition Costs and Deferred Sales Inducement Costs" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Accounting Pronouncements."

Misconduct by our employees and advisors is difficult to