AMERIPRISE FINANCIAL INC
Form 10-Q
November 06, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**

SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2006

or

o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE**

SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission file number 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.)
55 Ameriprise Financial Center, Minneapolis, Minnesota	**55474**
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

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

Large accelerated filer o Accelerated filer o Non-accelerated filer x

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

Yes o No x

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

Class	Outstanding at November 1, 2006
Common Stock (par value $.01 per share)	241,962,986 shares

AMERIPRISE FINANCIAL, INC.

FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in millions, except per share amounts)

	Three Months Ended September 30, 2006	2005	Nine Months Ended September 30, 2006	2005
Revenues				
Management, financial advice and service fees	$ 720	$ 687	$ 2,151	$ 1,927
Distribution fees	300	296	926	873
Net investment income	542	561	1,638	1,667
Premiums	244	202	693	751
Other revenues	171	127	571	397
Total revenues	1,977	1,873	5,979	5,615
Expenses				
Compensation and benefits	756	703	2,261	1,995
Interest credited to account values	317	337	948	976
Benefits, claims, losses and settlement expenses	233	190	685	646
Amortization of deferred acquisition costs	87	49	368	319
Interest and debt expense	32	16	83	52
Separation costs	87	92	238	168
Other expenses	248	305	802	841
Total expenses	1,760	1,692	5,385	4,997
Income before income tax provision and discontinued operations	217	181	594	618
Income tax provision	43	58	134	171
Income before discontinued operations	174	123	460	447
Income from discontinued operations, net of tax		2		16
Net income	$ 174	$ 125	$ 460	$ 463
Basic Earnings per Common Share				
Income before discontinued operations	$ 0.71	$ 0.50	$ 1.86	$ 1.82
Income from discontinued operations, net of tax				0.05
Net income	$ 0.71	$ 0.50	$ 1.86	$ 1.87
Diluted Earnings per Common Share				
Income before discontinued operations	$ 0.71	$ 0.50	$ 1.85	$ 1.82
Income from discontinued operations, net of tax				0.05
Net income	$ 0.71	$ 0.50	$ 1.85	$ 1.87
Weighted average common shares outstanding:				
Basic	244.5	246.2	247.6	246.2
Diluted	246.4	246.2	249.3	246.2
Cash dividends declared per common share	$ 0.11	$	$ 0.33	$

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

	September 30, 2006 (unaudited)	**December 31, 2005**
Assets		
Cash and cash equivalents	$ 3,309	$ 2,474
Investments	36,198	39,100
Receivables	2,504	2,172
Deferred acquisition costs	4,423	4,182
Separate account assets	48,834	41,561
Restricted and segregated cash	1,059	1,067
Other assets	3,177	2,565
Total assets	$ 99,504	$ 93,121
Liabilities and Shareholders Equity		
Liabilities:		
Future policy benefits and claims	$ 30,794	$ 32,731
Customer deposits	6,391	6,641
Accounts payable and accrued expenses	1,952	1,757
Debt	2,254	1,833
Separate account liabilities	48,834	41,561
Other liabilities	1,526	911
Total liabilities	91,751	85,434
Shareholders Equity:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 252,571,142 and 249,998,206, respectively)	3	2
Additional paid-in capital	4,291	4,091
Retained earnings	4,123	3,745
Treasury shares, at cost (10,457,760 and 122,652 shares, respectively)	(438)	
Accumulated other comprehensive loss, net of tax	(226)	(151)
Total shareholders equity	7,753	7,687
Total liabilities and shareholders equity	$ 99,504	$ 93,121

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Nine Months Ended September 30, 2006	2005
Cash Flows from Operating Activities		
Net income	$ 460	$ 463
Less: Income from discontinued operations, net of tax		16
Income before discontinued operations	460	447
Adjustments to reconcile income before discontinued operations to net cash provided by operating activities:		
Amortization of deferred acquisition and sales inducement costs	406	347
Capitalization of deferred acquisition and sales inducement costs	(647)	(582)
Depreciation and amortization	134	131
Deferred income taxes	16	65
Share-based compensation	83	36
Excess tax benefits from share-based compensation	(24)	
Net realized investment gains	(25)	(50)
Other-than-temporary impairments and provision for loan losses	2	3
Premium and discount amortization on Available-for-Sale and other securities	94	123
Changes in operating assets and liabilities:		
Segregated cash	152	(50)
Trading securities and equity method investments in hedge funds, net	145	89
Future policy benefits and claims, net	52	7
Receivables	(286)	(174)
Other assets, other liabilities, accounts payable and accrued expenses, net	154	(6)
Net cash provided by operating activities	716	386
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	2,125	3,477
Maturities, sinking fund payments and calls	2,552	2,705
Purchases	(2,233)	(6,428)
Open securities transactions payable and receivable, net	34	(466)
Proceeds from sales and maturities of mortgage loans on real estate	381	446
Funding of mortgage loans on real estate	(308)	(375)
Proceeds from sales of other investments	109	152
Purchase of other investments	(116)	(125)
Purchase of land, buildings, equipment and software	(115)	(95)
Proceeds from sale of land, buildings, equipment and other	66	
Proceeds from transfer of AMEX Assurance deferred acquisition costs		117
Deconsolidation of AMEX Assurance		(29)
Change in restricted cash	(54)	528
Cash transferred to American Express related to AEIDC		(572)
Acquisition of bank deposits and loans, net	951	
Other, net	(2)	1
Net cash provided by (used in) investing activities	3,390	(664)

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

(in millions)

	Nine Months Ended September 30, 2006	2005
Cash Flows from Financing Activities		
Investment certificates:		
Payments from certificate owners	1,239	2,706
Interest credited to account values	153	143
Certificate maturities and cash surrenders	(2,431)	(2,291)
Policyholder and contractholder account values:		
Consideration received	980	1,227
Interest credited to account values	795	833
Surrenders and other benefits	(3,620)	(2,450)
Proceeds from issuance of debt, net of issuance costs	516	1,351
Principal repayments of debt	(252)	(11)
Payable to American Express, net		(1,316)
Capital transactions with American Express, net		1,256
Dividends paid to American Express		(53)
Dividends paid to shareholders	(82)	
Repurchase of common shares	(438)	
Exercise of stock options	11	
Excess tax benefits from share-based compensation	24	
Universal life insurance policy loans:		
Repayment	71	71
Issuance	(96)	(77)
Customer deposits and other, net	(162)	(73)
Net cash provided by (used in) financing activities	(3,292)	1,316
Cash Flows from Discontinued Operations		
Net cash provided by operating activities		46
Net cash used in investing activities		(10)
Net cash provided by financing activities		482
Net cash provided by discontinued operations		518
Effect of exchange rate changes on cash	21	(14)
Net increase in cash and cash equivalents	835	1,542
Cash and cash equivalents at beginning of period	2,474	1,078
Cash and cash equivalents at end of period	$ 3,309	$ 2,620
Cash and cash equivalents of discontinued operations included above:		
At beginning of period	$	$ 54
At end of period	$	$
Supplemental Disclosures:		
Interest paid	$ 57	$ 74
Income taxes paid, net	$ 185	$ 94
Non-cash dividend of AEIDC to American Express	$	$ 164

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (UNAUDITED)
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005

(in millions, except share amounts)

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2004	100	$	$ 2,907	$ 3,415	$	$ 380	$ 6,702
Comprehensive income:							
Net income				463			463
Change in unrealized holding gains on securities, net						(409)	(409)
Change in unrealized derivative losses, net						17	17
Foreign currency translation adjustment						(8)	(8)
Total comprehensive income							63
Cash dividends paid to American Express				(53)			(53)
Non-cash dividends paid to American Express				(164)			(164)
Share-based incentive employee compensation plan			(67)				(67)
Stock split of common shares issued and outstanding	246,148,900	2	(2)				
Capital transactions with American Express, net			1,256				1,256
Balances at September 30, 2005	246,149,000	$ 2	$ 4,094	$ 3,661	$	$ (20)	$ 7,737
Balances at December 31, 2005	249,875,554	$ 2	$ 4,091	$ 3,745	$	$ (151)	$ 7,687
Comprehensive income:							
Net income				460			460
Change in unrealized holding losses on securities, net						(74)	(74)
Change in unrealized derivative gains, net						(5)	(5)
Foreign currency translation adjustment						4	4
Total comprehensive income							385
Dividends paid to shareholders				(82)			(82)
Treasury shares	(10,335,108)				(438)		(438)
Share-based compensation plans	2,572,936	1	200				201
Balances at September 30, 2006	242,113,382	$ 3	$ 4,291	$ 4,123	$ (438)	$ (226)	$ 7,753

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc. (Ameriprise Financial), companies in which it directly or indirectly has a controlling financial interest, variable interest entities in which it is the primary beneficiary and certain limited partnerships for which it is the general partner (collectively, the Company). All material intercompany transactions and balances between or among Ameriprise Financial and its subsidiaries and affiliates have been eliminated in consolidation. Ameriprise Financial is a holding company which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to offer solutions for its clients asset accumulation, income and protection needs.

The accompanying Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods have been made. All adjustments made were of a normal, recurring nature. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes which are incorporated by reference in the Annual Report on Form 10-K of Ameriprise Financial, Inc. for the year ended December 31, 2005, filed with the Securities and Exchange Commission (SEC) on March 8, 2006.

Customer deposits on the Consolidated Balance Sheets include payments from investment certificate owners and deposits of banking and brokerage customers. Reclassifications of prior period amounts have been made to conform to the current presentation. The Company revised the presentation of its previously reported segment data for the three months and nine months ended September 30, 2005 to conform to the segment reporting changes implemented by the Company as of January 1, 2006.

On February 1, 2005, the American Express Company (American Express) Board of Directors announced its intention to pursue the disposition of 100% of its shareholdings in Ameriprise Financial (the Separation) through a tax-free distribution to American Express shareholders. Effective as of the close of business on September 30, 2005, American Express completed the Separation of Ameriprise Financial and the distribution of Ameriprise Financial common shares to American Express shareholders (the Distribution). Prior to the Distribution, Ameriprise Financial had been a wholly owned subsidiary of American Express. For the periods preceding the Distribution, Ameriprise Financial prepared its Consolidated Financial Statements as if it had been a stand-alone company. In the preparation of the Consolidated Financial Statements for the periods preceding the Distribution, Ameriprise Financial made certain allocations of expenses that its management believed to be a reasonable reflection of costs it would have otherwise incurred as a stand-alone company but were paid by American Express.

2. Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS 158). SFAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. Comprehensive income will also include gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. In addition, SFAS 158 requires an employer to disclose in the notes to financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits and transition asset or obligation. These requirements are effective for the fiscal years ending after December 15, 2006. SFAS 158 also requires an employer to measure plan assets and benefit obligations as of the date of the employer s fiscal year-end statement of financial position. This requirement is effective for fiscal years ending after December 15, 2008. The Company does not believe the impact of the adoption of SFAS 158 will have a material effect on the consolidated results of operations and financial condition.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. Recent Accounting Pronouncements (continued)

Accordingly, SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Early adoption is permitted provided that the entity has not issued financial statements for any period within the year of adoption. The provisions of SFAS 157 are required to be applied prospectively as of the beginning of the fiscal year in which SFAS 157 is initially applied, except for certain financial instruments as defined in SFAS 157 which will require retrospective application of SFAS 157. The transition adjustment, if any, will be recognized as a cumulative-effect adjustment to the opening balance of retained earnings for the fiscal year of adoption. The Company is currently evaluating the impact of SFAS 157 on its consolidated results of operations and financial condition.

In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108). SAB 108 addresses quantifying the financial statement effects of misstatements, specifically, how the effects of prior year uncorrected errors must be considered in quantifying misstatements in the current year financial statements. SAB 108 does not change the SEC staff s previous positions in SAB 99, Materiality, regarding qualitative considerations in assessing the materiality of misstatements. SAB 108 is effective for fiscal years ending after November 15, 2006. In the initial year of adoption, the cumulative effect of applying SAB 108, if any, will be recorded as an adjustment to the beginning balance of retained earnings. The Company is currently evaluating the impact of SAB 108 on its consolidated results of operations and financial condition.

In June 2006, the FASB issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of FIN 48 on its consolidated results of operations and financial condition.

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155, Accounting for Certain Hybrid Financial Instruments (SFAS 155). SFAS 155 amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133) and FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS 140). SFAS 155: (1) permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation; (2) clarifies which interest-only and principal-only strips are not subject to the requirements of SFAS 133; (3) establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation; (4) clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and (5) amends SFAS 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS 155 is effective for all financial instruments acquired or issued after the beginning of an entity s fiscal year that begins after September 15, 2006. At adoption, the fair value election may also be applied to hybrid financial instruments that have been bifurcated under SFAS 133 prior to adoption of this Statement. Any changes resulting from the adoption of this Statement should be recognized as a cumulative effect adjustment to beginning retained earnings. The Company is currently evaluating the impact of SFAS 155 on its consolidated results of operations and financial condition.

In September 2005, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 05-1, Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection With Modifications or Exchanges of Insurance Contracts (SOP 05-1). SOP 05-1 provides guidance on accounting by insurance enterprises for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in Statement of Financial Accounting Standards No. 97, Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments. SOP 05-1 is effective for internal replacements occurring in fiscal years beginning after December 15, 2006, with earlier adoption encouraged. The Company currently accounts for many types of internal replacements as continuations of the existing contract and does not consider these transactions as surrenders in setting deferred acquisition cost (DAC) valuation assumptions. Some of these transactions will not qualify as

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

2. Recent Accounting Pronouncements (continued)

continuations under SOP 05-1 and the Company may need to increase certain policy surrender assumptions and record a reduction in DAC as a cumulative change in accounting principle when it adopts SOP 05-1. This may result in quarterly DAC amortization expense that is higher or lower than under the Company s current accounting policy. The Company is currently evaluating the impact of SOP 05-1 on its consolidated results of operations and financial condition.

In June 2005, the FASB approved Emerging Issues Task Force (EITF) Issue No. 04-5, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights (EITF 04-5). EITF 04-5 provides guidance on whether a partnership should be consolidated by one of its partners. EITF 04-5 was effective for general partners of all new limited partnerships formed and for existing limited partnerships for which the partnership agreements were modified after June 29, 2005. For general partners in all other limited partnerships, this guidance was effective no later than January 1, 2006. The adoption of EITF 04-5 resulted in the consolidation of certain limited partnerships for which the Company is the general partner. The effect of this consolidation as of January 1, 2006 was a net increase in total assets and total liabilities of $427 million, consisting of $14 million of investments (net of $153 million of investments as of December 31, 2005 previously accounted for under the equity method), $89 million of restricted cash, $324 million of other assets, $291 million of other liabilities and $136 million of non-recourse debt. The adoption of EITF 04-5 had no net effect on consolidated net income.

3. Separation and Distribution from American Express and Discontinued Operations

American Express has historically provided a variety of corporate and other support services for the Company, including information technology, treasury, accounting, financial reporting, tax administration, human resources, marketing, legal, procurement and other services. Following the Distribution, American Express continued to provide the Company with many of these services pursuant to transition services agreements for periods of up to two years or more, if extended by mutual agreement of the Company and American Express. The Company has terminated or will terminate a particular service after it has completed the procurement of the designated service through arrangements with third parties or through the Company s own employees.

The Company has incurred significant non-recurring separation costs as a result of the Distribution. These costs have primarily included advisor and employee retention program costs, costs associated with establishing the Ameriprise Financial brand and costs to separate and reestablish the Company s technology platforms.

Effective July 1, 2005, the Company s subsidiary, AMEX Assurance Company (AMEX Assurance), ceded 100% of its travel insurance and card related business offered to American Express customers to an American Express subsidiary for an arm s length ceding fee. The Company entered into an agreement to sell the AMEX Assurance legal entity to a subsidiary of American Express within two years after the Distribution for a fixed price equal to the net book value of AMEX Assurance as of the Distribution or approximately $115 million. These transactions created a variable interest entity under GAAP for which the Company is not the primary beneficiary. Accordingly, the Company deconsolidated AMEX Assurance for GAAP purposes as of September 30, 2005.

Effective August 1, 2005, the Company transferred its 50% ownership interest and the related assets and liabilities of its subsidiary, American Express International Deposit Company (AEIDC), to American Express for $164 million through a non-cash dividend equal to the net book value excluding $26 million of net unrealized investment losses of AEIDC. In connection with the AEIDC transfer, American Express paid the Company a $164 million capital contribution. The results of operations and cash flows of AEIDC in 2005 are shown as discontinued operations in the accompanying Consolidated Financial Statements. For the three months and nine months ended September 30, 2005, the discontinued operations of AEIDC included revenues of $24 million and $165 million, respectively, and pretax income of $3 million and $25 million, respectively.

4. Ameriprise Bank, FSB

On September 29, 2005, the Company and American Express Bank, FSB (AEBFSB), a subsidiary of American Express, entered into a Purchase and Assumption Agreement (the Agreement) pursuant to which the Company agreed to purchase assets and assume liabilities, primarily consumer loans and deposits of AEBFSB, upon obtaining a federal savings bank charter. In

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

4. Ameriprise Bank, FSB (continued)

September 2006, the Company and AEBFSB entered into amendments to the Agreement, pursuant to which the Company agreed to acquire the assets and liabilities from AEBFSB in three phases. Ameriprise Bank, FSB (Ameriprise Bank), a wholly owned subsidiary of the Company, commenced operations in September 2006 subsequent to obtaining the charter and began to execute the agreement with AEBFSB. For the first phase, which closed on September 18, 2006, Ameriprise Bank acquired $12 million of customer loans, assumed $963 million of customer deposits and received cash of $951 million from AEBFSB. Ameriprise Bank recorded the assets acquired and liabilities assumed at fair value. Ameriprise Bank completed the second phase of the agreement in October 2006 with the purchase of $49 million of customer loans for cash consideration. For the final phase, approximately $440 million in customer loans are expected to be purchased by Ameriprise Bank in November 2006 for cash consideration.

Separately, on October 23, 2006, the Company acquired $33 million of secured loans from American Express Credit Corporation. These loans were made to the Company s customers and are secured by the customers investment assets and/or insurance policies and will be serviced by Ameriprise Bank.

5. Investments

The following is a summary of investments:

	September 30, 2006 (in millions)	December 31, 2005
Available-for-Sale securities, at fair value	$ 31,512	$ 34,217
Mortgage loans on real estate, net	3,071	3,146
Trading securities, at fair value and equity method investments in hedge funds	551	676
Policy loans	645	616
Other investments	419	445
Total	$ 36,198	