

AMERIPRISE FINANCIAL INC
Form 10-Q
August 06, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the Quarterly Period Ended June 30, 2018

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

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

Large

Accelerated Filer

Filer

Smaller reporting company

~~Not an emerging growth~~ company o
Filer o
(Do
not
check
if
a
smaller
reporting
company)

If an emerging growth
company, indicate by check
mark if the registrant has
elected not to use the
extended transition period for
complying with any new or
revised financial accounting
standards provided pursuant
to Section 13(a) of the
Exchange Act. o

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

Yes o No x

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

Class	Outstanding at July 20, 2018
Common Stock (par value \$.01 per share)	141,863,852 shares

AMERIPRISE FINANCIAL, INC.

FORM 10-Q

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AMERIPRISE FINANCIAL, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017 (1)	2018	2017 (1)
	(in millions, except per share amounts)			
Revenues				
Management and financial advice fees	\$1,691	\$1,568	\$3,360	\$3,055
Distribution fees	465	425	933	866
Net investment income	419	391	815	782
Premiums	357	348	700	687
Other revenues	284	292	592	570
Total revenues	3,216	3,024	6,400	5,960
Banking and deposit interest expense	20	12	36	22
Total net revenues	3,196	3,012	6,364	5,938
Expenses				
Distribution expenses	902	831	1,807	1,654
Interest credited to fixed accounts	180	171	321	333
Benefits, claims, losses and settlement expenses	635	611	1,129	1,178
Amortization of deferred acquisition costs	63	69	155	141
Interest and debt expense	80	52	131	102
General and administrative expense	788	767	1,577	1,544
Total expenses	2,648	2,501	5,120	4,952
Pretax income	548	511	1,244	986
Income tax provision	86	118	188	190
Net income	\$462	\$393	\$1,056	\$796
Earnings per share				
Basic	\$3.14	\$2.53	\$7.13	\$5.09
Diluted	\$3.10	\$2.50	\$7.02	\$5.01
Cash dividends declared per common share	\$0.90	\$0.83	\$1.73	\$1.58
Supplemental Disclosures:				
Total other-than-temporary impairment losses on securities	\$—	\$—	\$—	\$(1)
Portion of loss recognized in other comprehensive income (before taxes)	—	—	—	—
Net impairment losses recognized in net investment income	\$—	\$—	\$—	\$(1)

(1) Certain prior period amounts have been restated. See Note 1 for more information.

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three		Six Months	
	Months		Ended June 30,	
	Ended		Ended June 30,	
	2018	2017	2018	2017
	(in millions)			
Net income	\$462	\$393	\$1,056	\$796
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	(44)	23	(15)	30
Net unrealized gains (losses) on securities	(130)	57	(392)	64
Net unrealized gains (losses) on derivatives	—	—	—	1
Defined benefit plans	—	—	—	5
Other	—	—	—	(1)
Total other comprehensive income (loss), net of tax	(174)	80	(407)	99
Total comprehensive income	\$288	\$473	\$649	\$895

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2018	December 31, 2017 (1)
	(in millions, except share amounts)	
Assets		
Cash and cash equivalents	\$2,431	\$2,484
Cash of consolidated investment entities	151	136
Investments	35,297	35,925
Investments of consolidated investment entities, at fair value	1,297	2,131
Separate account assets	85,258	87,368
Receivables	5,913	5,762
Receivables of consolidated investment entities, at fair value	17	25
Deferred acquisition costs	2,768	2,676
Restricted and segregated cash and investments	2,591	3,147
Other assets	7,545	7,826
Total assets	\$143,268	\$147,480
Liabilities and Equity		
Liabilities:		
Policyholder account balances, future policy benefits and claims	\$29,255	\$29,904
Separate account liabilities	85,258	87,368
Customer deposits	10,428	10,303
Short-term borrowings	201	200
Long-term debt	2,875	2,891
Debt of consolidated investment entities, at fair value	1,416	2,206
Accounts payable and accrued expenses	1,749	1,975
Other liabilities	6,426	6,575
Other liabilities of consolidated investment entities, at fair value	28	63
Total liabilities	137,636	141,485
Equity:		
Ameriprise Financial, Inc.:		
Common shares (\$.01 par value; shares authorized, 1,250,000,000; shares issued, 328,289,449 and 327,506,935 respectively)	3	3
Additional paid-in capital	8,171	8,085
Retained earnings	12,126	11,326
Treasury shares, at cost (186,069,038 and 180,872,271 shares, respectively)	(14,489)	(13,648)
Accumulated other comprehensive income (loss), net of tax	(179)	229
Total equity	5,632	5,995
Total liabilities and equity	\$143,268	\$147,480

(1) Certain prior period amounts have been restated. See Note 1 for more information.
See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	Number of Common Outstanding Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive (Loss)	Total Income
(in millions, except per share data)						
Balances at January 1, 2017, previously reported	14,759,904	7,765	\$ 10,351	\$ (12,027)	\$ 200	\$ 6,292
Cumulative effect of change in accounting policies	—	—	(3)	—	—	(3)
Balances at January 1, 2017, restated	14,759,904	7,765	10,348	(12,027)	200	6,289
Comprehensive income:						
Net income	—	—	796	—	—	796
Other comprehensive income, net of tax	—	—	—	—	99	99
Total comprehensive income						895
Dividends to shareholders	—	—	(250)	—	—	(250)
Repurchase of common shares	(7,021,250)	—	—	(877)	—	(877)
Share-based compensation plans	2,569,962	138	—	52	—	190
Balances at June 30, 2017	10,308,616	7,903	\$ 10,894	\$ (12,852)	\$ 299	\$ 6,247
Balances at January 1, 2018 ⁽¹⁾	16,634,654	8,085	\$ 11,326	\$ (13,648)	\$ 229	\$ 5,995
Cumulative effect of change in accounting policies	—	—	1	—	(1)	—
Comprehensive income:						
Net income	—	—	1,056	—	—	1,056
Other comprehensive loss, net of tax	—	—	—	—	(407)	(407)
Total comprehensive income						649
Dividends to shareholders	—	—	(257)	—	—	(257)
Repurchase of common shares	(5,978,029)	—	—	(900)	—	(900)
Share-based compensation plans	1,563,776	86	—	59	—	145
Balances at June 30, 2018	12,220,411	8,171	\$ 12,126	\$ (14,489)	\$ (179)	\$ 5,632

⁽¹⁾ Prior period retained earnings have been restated. See Note 1 for more information.

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended June 30, 2018 2017 (in millions)	
Cash Flows from Operating Activities		
Net income	\$1,056	\$796
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion, net	107	121
Deferred income tax expense (benefit)	53	6
Share-based compensation	69	61
Net realized investment (gains) losses	(12)	(40)
Net trading (gains) losses	(6)	(3)
Loss from equity method investments	18	25
Other-than-temporary impairments and provision for loan losses	—	1
Net (gains) losses of consolidated investment entities	(24)	2
Changes in operating assets and liabilities:		
Restricted and segregated investments	224	300
Deferred acquisition costs	(9)	(4)
Other investments, net	110	(107)
Policyholder account balances, future policy benefits and claims, net	(407)	(384)
Derivatives, net of collateral	205	447
Receivables	(121)	(168)
Brokerage deposits	(394)	(135)
Accounts payable and accrued expenses	(220)	(137)
Other operating assets and liabilities of consolidated investment entities, net	(83)	1
Other, net	(5)	(46)
Net cash provided by (used in) operating activities	561	736
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	401	276
Maturities, sinking fund payments and calls	3,124	2,560
Purchases	(3,900)	(2,495)
Proceeds from sales, maturities and repayments of mortgage loans	164	241
Funding of mortgage loans	(97)	(249)
Proceeds from sales and collections of other investments	133	142
Purchase of other investments	(170)	(223)
Purchase of investments by consolidated investment entities	(228)	(839)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	870	864
Purchase of land, buildings, equipment and software	(69)	(72)
Other, net	(12)	22
Net cash provided by (used in) investing activities	\$216	\$227
See Notes to Consolidated Financial Statements.		

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)

	Six Months Ended June 30,	
	2018	2017
	(in millions)	
Cash Flows from Financing Activities		
Investment certificates:		
Proceeds from additions	\$2,899	\$ 2,507
Maturities, withdrawals and cash surrenders	(2,381)	(2,211)
Policyholder account balances:		
Deposits and other additions	985	1,042
Net transfers from (to) separate accounts	(59)	(71)
Surrenders and other benefits	(977)	(987)
Cash paid for purchased options with deferred premiums	(129)	(132)
Cash received from purchased options with deferred premiums	119	39
Repayments of long-term debt	(6)	(5)
Dividends paid to shareholders	(253)	(244)
Repurchase of common shares	(829)	(788)
Exercise of stock options	2	8
Repayments of debt by consolidated investment entities	(518)	(24)
Net cash provided by (used in) financing activities	(1,147)	(866)
Effect of exchange rate changes on cash	—	21
Net increase (decrease) in cash, cash equivalents and restricted cash	(370)	118
Cash, cash equivalents and restricted cash at beginning of period	5,144	5,392
Cash, cash equivalents and restricted cash at end of period	\$4,774	\$ 5,510
Supplemental Disclosures:		
Interest paid excluding consolidated investment entities	\$101	\$ 89
Interest paid by consolidated investment entities	69	43
Income taxes paid, net	189	311
Non-cash investing activity:		
Partnership commitments not yet remitted	—	9
	June 30, 2018	December 31, 2017
	(in millions)	
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$2,431	\$ 2,484
Cash of consolidated investment entities	151	136
Restricted and segregated cash and investments	2,591	3,147
Less: Restricted and segregated investments	(399)	(623)
Total cash, cash equivalents and restricted cash per consolidated statements of cash flows	\$4,774	\$ 5,144
See Notes to Consolidated Financial Statements.		

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

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

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities ("VIEs") in which it is the primary beneficiary (collectively, the "Company"). All intercompany transactions and balances have been eliminated in consolidation.

The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for fair statement of the consolidated results of operations and financial position for the interim periods have been made. Except for the out-of-period correction described below and the prior period adjustments for the retrospective adoption of the new revenue recognition accounting standard, all adjustments made were of a normal recurring nature.

In the first quarter of 2017, the Company recorded a \$20 million decrease to income tax provision related to an out-of-period correction for a reversal of a tax reserve.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission ("SEC") on February 23, 2018 ("2017 10-K"). The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued. No subsequent events or transactions were identified.

On January 1, 2018, the Company retrospectively adopted the new accounting standard for revenue recognition. See Note 2 and Note 3 for further information on the new accounting standard and the Company's revenue from contracts with customers. The following tables present the impact to the consolidated statements of operations for the prior periods presented:

	Three Months Ended June 30, 2017		
	Previously Reported	Effect of Change	As Adjusted
	(in millions)		
Revenues			
Management and financial advice fees	\$ 1,561	\$ 7	\$ 1,568
Distribution fees	430	(5)	425
Net investment income	391	—	391
Premiums	348	—	348
Other revenues	267	25	292
Total revenues	2,997	27	3,024
Banking and deposit interest expense	12	—	12
Total net revenues	2,985	27	3,012
Expenses			
Distribution expenses	832	(1)	831
Interest credited to fixed accounts	171	—	171

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Benefits, claims, losses and settlement expenses	611	—	611
Amortization of deferred acquisition costs	69	—	69
Interest and debt expense	52	—	52
General and administrative expense	739	28	767
Total expenses	2,474	27	2,501
Pretax income	511	—	511
Income tax provision	118	—	118
Net income	\$393	\$ —	\$ 393

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Six Months Ended June 30, 2017		
	Previously Reported	Effect of Change	As Adjusted
	(in millions)		
Revenues			
Management and financial advice fees	\$3,043	\$ 12	\$ 3,055
Distribution fees	873	(7)	866
Net investment income	782	—	782
Premiums	687	—	687
Other revenues	523	47	570
Total revenues	5,908	52	5,960
Banking and deposit interest expense	22	—	22
Total net revenues	5,886	52	5,938
Expenses			
Distribution expenses	1,655	(1)	1,654
Interest credited to fixed accounts	333	—	333
Benefits, claims, losses and settlement expenses	1,178	—	1,178
Amortization of deferred acquisition costs	141	—	141
Interest and debt expense	102	—	102
General and administrative expense	1,491	53	1,544
Total expenses	4,900	52	4,952
Pretax income	986	—	986
Income tax provision	190	—	190
Net income	\$796	\$ —	\$ 796

The impact to the consolidated balance sheet as of December 31, 2017 was a \$10 million increase to total assets, a \$13 million increase to total liabilities and a \$3 million decrease to retained earnings.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) updated the accounting standards for revenue from contracts with customers. The update provides a five-step revenue recognition model for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers (unless the contracts are in the scope of other standards). The standard also updates the accounting for certain costs associated with obtaining and fulfilling a customer contract and requires disclosure of quantitative and qualitative information that enables users of financial statements to understand the nature, amount, timing, and uncertainty of revenues and cash flows arising from contracts with customers. The standard is effective for interim and annual periods beginning after December 15, 2017. The standard may be applied retrospectively for all periods presented or retrospectively with a cumulative-effect adjustment at the date of adoption. The Company adopted the revenue recognition guidance on a retrospective basis on January 1, 2018. The update does not apply to revenue associated with the manufacturing of insurance and annuity products or financial instruments as these revenues are in the scope of other standards. Therefore, the update did not have an impact on these revenues. The Company’s implementation efforts included the identification of revenue within the guidance and the review of the customer contracts to determine the Company’s performance obligation and the associated timing of each performance obligation. The Company determined that certain payments received primarily related to franchise advisor fees should

be presented as revenue rather than a reduction of expense. The adoption of the standard did not have other material impacts on the Company's consolidated results of operations and financial condition. The impact of the change was an increase to both revenues and expenses of \$27 million and \$52 million for the three months and six months ended June 30, 2017, respectively. See Note 3 for new disclosures on revenue from contracts with customers.

Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB updated the accounting standards on the recognition and measurement of financial instruments. The update requires entities to carry marketable equity securities, excluding investments in securities that qualify for the equity method of accounting, at fair value with changes in fair value reflected in net income each reporting period. The update affects other aspects of accounting for equity instruments, as well as the accounting for financial liabilities utilizing the fair value option. The update

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

eliminates the requirement to disclose the methods and assumptions used to estimate the fair value of financial assets or liabilities held at cost on the balance sheet and requires entities to use the exit price notion when measuring the fair value of these financial instruments. The standard is effective for interim and annual periods beginning after December 15, 2017. The Company adopted the standard on January 1, 2018 using a modified retrospective approach. The adoption of the standard did not have a material impact on the Company's consolidated results of operations or financial condition.

Future Adoption of New Accounting Standards

Income Statement – Reporting Comprehensive Income

In February 2018, the FASB updated the accounting standards related to the presentation of tax effects stranded in other comprehensive income (“OCI”). The update allows a reclassification from accumulated other comprehensive income (“AOCI”) to retained earnings for tax effects stranded in AOCI resulting from the legislation commonly referred to as the Tax Cuts and Jobs Act (“Tax Act”). The update is optional and entities may elect not to reclassify the stranded tax effects. The update is effective for fiscal years beginning after December 15, 2018. Entities may elect to record the impacts either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. Early adoption is permitted in any period. The Company is currently evaluating whether it will elect to reclassify the stranded tax effects and the potential impact to the consolidated financial condition.

Derivatives and Hedging – Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB updated the accounting standards to amend the hedge accounting recognition and presentation requirements. The objectives of the update are to better align the financial reporting of hedging relationships to the economic results of an entity's risk management activities and simplify the application of the hedge accounting guidance. The update also adds new disclosures and amends existing disclosure requirements. The standard is effective for interim and annual periods beginning after December 15, 2018, and should be applied on a modified retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

Receivables – Premium Amortization on Purchased Callable Debt Securities

In March 2017, the FASB updated the accounting standards to shorten the amortization period for certain purchased callable debt securities held at a premium. Under current guidance, premiums are generally amortized over the contractual life of the security. The amendments require the premium to be amortized to the earliest call date. The update applies to securities with explicit, non-contingent call features that are callable at fixed prices and on preset dates. The standard is effective for interim and annual periods beginning after December 15, 2018, and should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Early adoption is permitted. The update is not expected to have a material impact on the Company's consolidated results of operations or financial condition.

Intangibles – Goodwill and Other – Simplifying the Test for Goodwill Impairment

In January 2017, the FASB updated the accounting standards to simplify the accounting for goodwill impairment. The update removes the hypothetical purchase price allocation (Step 2) of the goodwill impairment test. Goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value. The standard is effective for interim and annual periods beginning after December 15, 2019, and should be applied prospectively with early adoption permitted for any impairment tests performed after January 1, 2017. The update is not expected to have a material impact on the Company's consolidated results of operations or financial condition.

Financial Instruments – Measurement of Credit Losses

In June 2016, the FASB updated the accounting standards related to accounting for credit losses on certain types of financial instruments. The update replaces the current incurred loss model for estimating credit losses with a new model that requires an entity to estimate the credit losses expected over the life of the asset. Generally, the initial estimate of the expected credit losses and subsequent changes in the estimate will be reported in current period

earnings and recorded through an allowance for credit losses on the balance sheet. The current credit loss model for Available-for-Sale debt securities does not change; however, the credit loss calculation and subsequent recoveries are required to be recorded through an allowance. The standard is effective for interim and annual periods beginning after December 15, 2019. Early adoption will be permitted for interim and annual periods beginning after December 15, 2018. A modified retrospective cumulative adjustment to retained earnings should be recorded as of the first reporting period in which the guidance is effective for loans, receivables, and other financial instruments subject to the new expected credit loss model. Prospective adoption is required for establishing an allowance related to Available-for-Sale debt securities, certain beneficial interests, and financial assets purchased with a more-than-insignificant amount of credit deterioration since origination. The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

Leases – Recognition of Lease Assets and Liabilities on Balance Sheet

In February 2016, the FASB updated the accounting standards for leases. The update was issued to increase transparency and comparability for the accounting of lease transactions. The standard will require most lease transactions for lessees to be recorded on

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

the balance sheet as lease assets and lease liabilities and both quantitative and qualitative disclosures about leasing arrangements. The Company discloses information related to operating lease arrangements within Note 23 of the 2017 10-K. The standard is effective for interim and annual periods beginning after December 15, 2018 with early adoption permitted. The update should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

3. Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the new accounting standard for revenue from contracts with customers on a retrospective basis. See Note 2 for additional information on the adoption of the new accounting standard.

The following tables present revenue disaggregated by segment on an adjusted operating basis with a reconciliation of segment revenues to those reported on the Consolidated Statements of Operations:

	Three Months Ended June 30, 2018				Total	Non-operating	Total
	Advice & Asset Management Wealth Management	Annuities Protection & Management	Corporate & Other	Segments	Revenue		
	(in millions)						
Management and financial advice fees:							
Asset management fees:							
Retail	\$ 472	\$ —	\$ —	\$ 472	\$ —	\$ 472	
Institutional	109	—	—	109	—	109	
Advisory fees	706	—	—	706	—	706	
Financial planning fees	80	—	—	80	—	80	
Transaction and other fees	9248	15	2	157	—	157	
Total management and financial advice fees	87629	15	2	1,524	—	1,524	
Distribution fees:							
Mutual funds	1868	—	—	252	—	252	
Insurance and annuity	2342	84	10	367	—	367	
Other products	147	—	—	147	—	147	
Total distribution fees	56210	84	10	766	—	766	
Other revenues	471	—	—	48	—	48	
Total revenue from contracts with customers	1,4870	99	12	2,338	—	2,338	
Revenue from other sources ⁽¹⁾	7615	523	521	1,192	55	1,247	
Total segment gross revenues	1,5655	622	533	3,530	55	3,585	
Less: Banking and deposit interest expense	20	—	—	1			