

Voya Stable Value and Fixed Account Overview State of Nevada

Presented by:

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Agenda

- ❑ **Stable Value Overview**
 - ❑ **General/Separate Account Product Comparison**
- ❑ **Voya Stable Value/Financial Strength**
- ❑ **Voya Fixed Account Characteristics**
- ❑ **Voya Fixed Account Crediting Rates**

Asset Class Overview

Stable Value Funds are a Core Investment in Defined Contribution (DC) Employee Benefit Plans

- ❑ \$742 billion invested in stable value assets¹
- ❑ Offered in over half of all 401(k) plans²

Conservative Option for 404(c) in DC plans

- ❑ “Strives to be an income producing, low-risk, liquid fund”

Stable Value Objectives

- ❑ Principal preservation/stability
- ❑ Steady growth over time without daily fluctuations
- ❑ General liquidity for participant transactions (certain conditions may apply)

Some of the Keys to Meeting These Objectives

- ❑ Benefit responsive contracts that guarantee participants can transact at book value (i.e.; principal value plus accrued interest)
- ❑ High quality, liquid fixed income securities backing contracts
- ❑ Current accounting regulations (S.O.P. 94-4 & FASB ASC Section 946-210-45 and 946-210-50) allow valuation of benefit responsive contracts at “contract value” or “book value” in Defined Contribution plans

Providers

- ❑ Insurance Companies
- ❑ Banks
- ❑ Investment Firms / Trust Companies

1. Stable Value Investment Association (SVIA) 9/30/2017.
2. “A Primer on Stable Value Funds for Retirement Plan Advisers,” by Anthony Isola, October 9, 2017

Voya Stable Value Product Comparison

	Separate Account	General Account
Offered By	Voya Retirement Insurance & Annuity Company – Voya’s product is called “Stabilizer”	Voya Retirement Insurance & Annuity Company – Voya’s product is called “Voya Fixed Account”
Funding Vehicle	Insurance Company <u>Separate</u> Account - Group Annuity participating contract.	Insurance Company <u>General</u> Account - Group Annuity contract.
Crediting Rate Reset - Return Stability	Each contract receives its own crediting rate, based initially on the estimated portfolio yield, thereafter based on contractual formula which utilizes the underlying portfolio total return, yield and duration. Rates announced in advance (calendar quarter frequency).	Voya’s Fixed Account has a annually declared portfolio rate using a proprietary rate setting methodology and is announced in advance.
Investment Strategy	Sponsor can select from several underlying investment strategies.	Single strategy. Portfolio invested in fixed income securities across the entire credit spectrum.
Guarantee	Guarantee of principal and accumulated interest for life of contract.	Guarantee of principal and accumulated interest for life of contract Voya’s Fixed Account has a 1.00% minimum lifetime floor crediting rate

Voya Stable Value Product Comparison (continued)

	Separate Account	General Account
Guarantee Risk	<ul style="list-style-type: none"> ❑ Separate account contractholders are insulated from claims of creditors if insurance company/bank becomes insolvent ❑ Book Value Guarantee - subject to insurance company claims paying ability 	<ul style="list-style-type: none"> ❑ General Account contractholders are <u>not</u> insulated from claims of creditors if insurance company/bank becomes insolvent ❑ Book Value Guarantee - subject to insurance company claims paying ability
Transparency	<ul style="list-style-type: none"> ❑ Fees and crediting rate formula are disclosed in contract ❑ Underlying portfolio assets backing contract are disclosed - market value performance can be tracked 	<ul style="list-style-type: none"> ❑ Crediting rate formula is proprietary . ❑ Summary of underlying portfolio general account assets available quarterly
Participant Transfer/ Surrender Treatment	Industry standard competing fund rule if the plan contains a competing fund.	Industry standard competing fund rule if the plan contains a competing fund.
Plan-Level Surrender Treatment	Market value of portfolio in cash, or securities in-kind (if separate account), or book value installment payout over investment portfolio duration.	Fixed Account surrender options include market value adjustment (MVA) or book value spread payment.

Voya Stable Value Product Comparison (continued)

	Separate Account		General Account
Minimum Contract Size	<ul style="list-style-type: none"> ❑ \$10 million ❑ \$100 million for individual separate account 		<ul style="list-style-type: none"> ❑ Generally no minimum
Fees	<ul style="list-style-type: none"> ❑ Dependent upon asset size and strategy utilized 		<ul style="list-style-type: none"> ❑ Not applicable

Our Financial Strength

Financial Strength Ratings¹ for Voya's Life Companies

Standard & Poor's

Upgraded February 2015

As of September 2017:

- ☐ A
- ☐ Outlook Stable

A.M. Best

As of September 2017:

- ☐ A
- ☐ Outlook Positive

Fitch Ratings

Upgraded March 2015

As of September 2017:

- ☐ A
- ☐ Outlook Stable

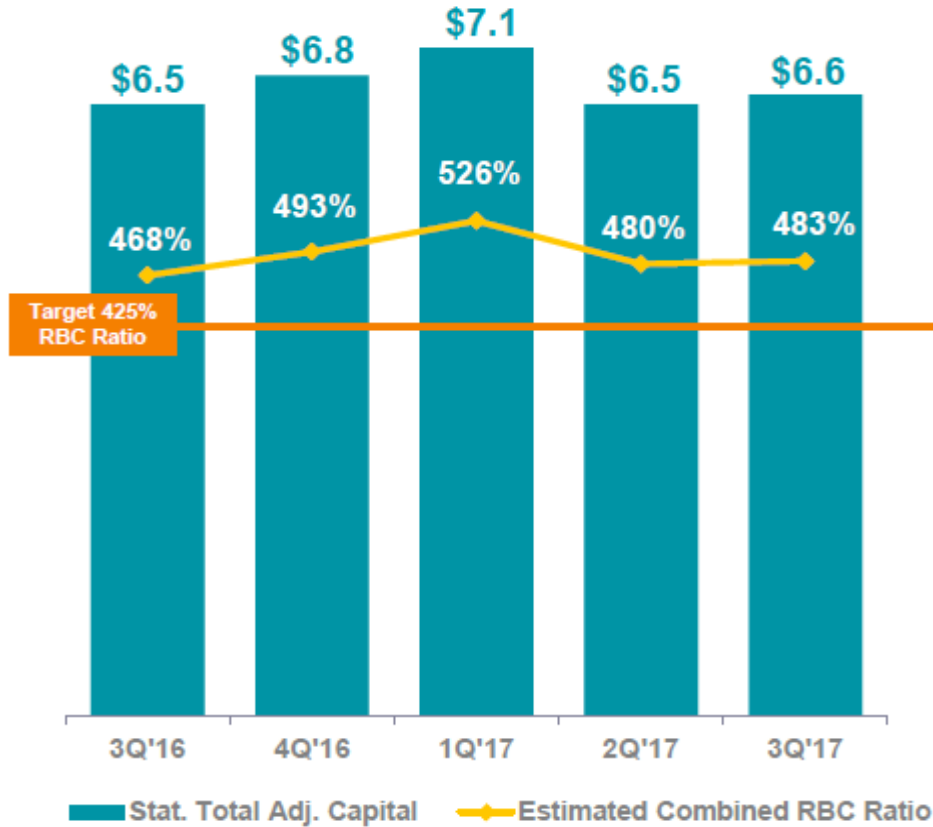
Moody's

Upgraded March 2015

As of September 2017:

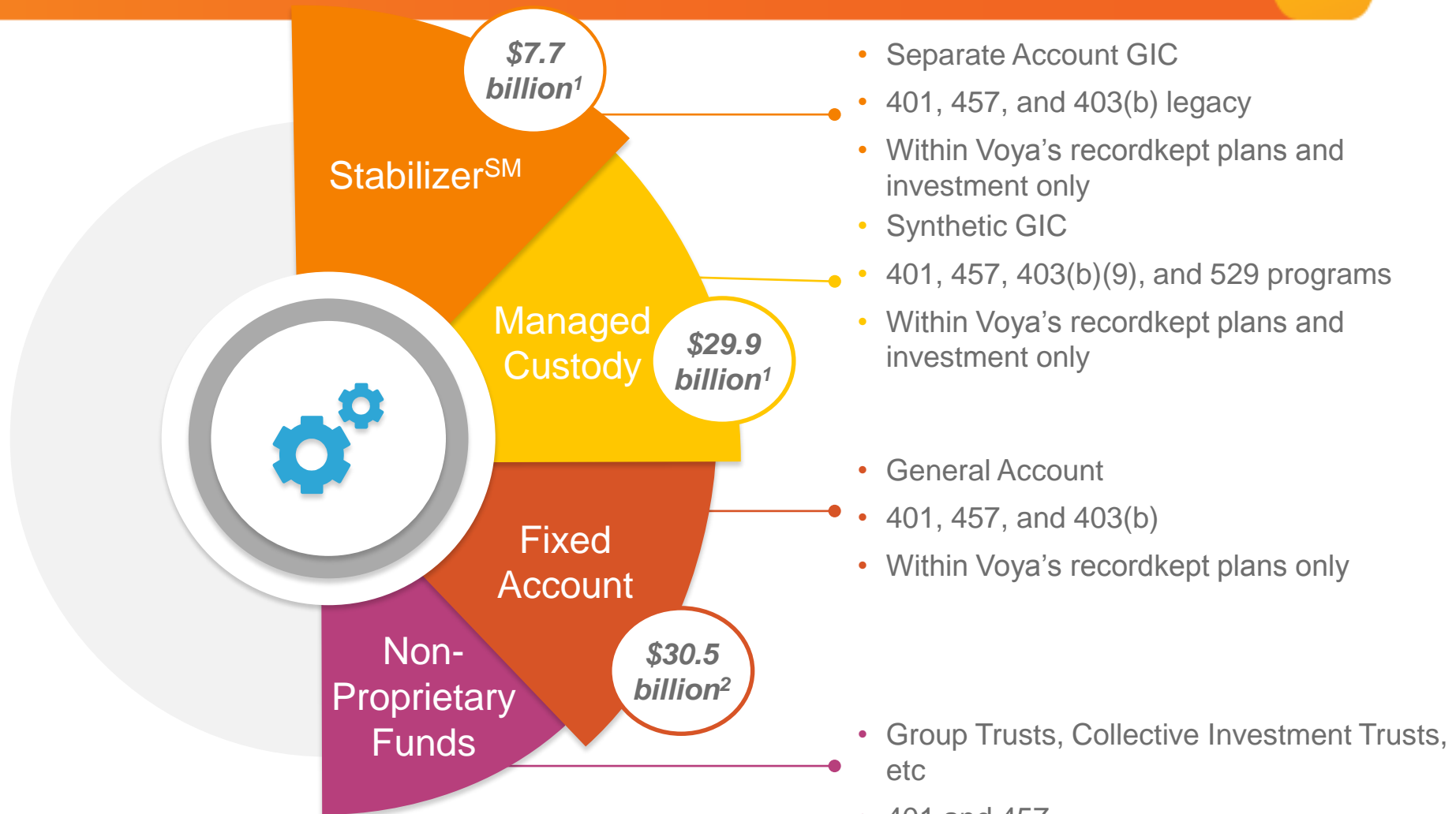
- ☐ A2
- ☐ Outlook Stable

Statutory Total Adjusted Capital (\$ billion) and Estimated Combined RBC Ratio²



- Insurance financial strength ratings for Voya Retirement Insurance and Annuity Company, Voya Insurance and Annuity Company, ReliaStar Life Insurance Company, ReliaStar Life Insurance Company of New York, and Security Life of Denver Insurance Company; for all insurance financial strength ratings, refer to the 1Q'17 supplement at investors.voya.com
- Estimated combined RBC ratio primarily for our four principal U.S. insurance subsidiaries

Voya Stable Value Products



¹Internal Voya statistics as of 09/30/2017

²Compiled from information included in the VRIAC Form 10-Q as of 09/30/2017, page 4 and page 14

Voya Fixed Account Characteristics

State Of Nevada – Voya Fixed Account

- ❑ General Account investment option offered through a group annuity contract
- ❑ Portfolio Method of crediting interest – The entire contract balance receives one specified current rate of interest, regardless of when money was placed in the account.
- ❑ Guarantees principal and features two (2) interest rates as follows:

1. Current Interest Rate – Voya and The State Of Nevada have contractually agreed to committed rates.

2. Guaranteed Minimum Interest Rate (GMIR) – Good for the life of the contract. Rate will never be lower than the GMIR. *



* GMIR of 1.00%.

State of Nevada - Voya Fixed Account

A general account product that represents a well-diversified portfolio, consisting primarily of:

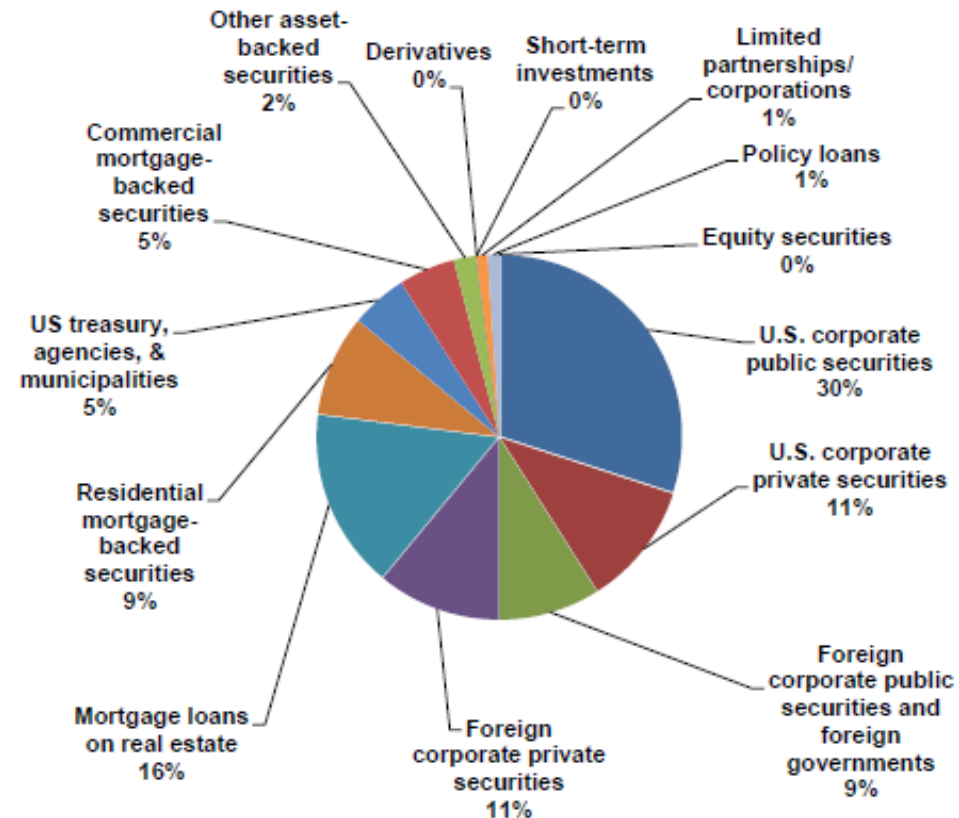
- Treasuries
- U.S. government securities
- Corporate bonds
- Mortgage-backed securities
- Asset-backed securities
- Commercial mortgages
- Private placements
- Short term investments

Strategy focused on producing competitive credited interest rates sustainable over the long term with an emphasis on high credit quality, liquidity and careful monitoring of the portfolio's risk to interest rate changes to help maintain competitive rates.

State of Nevada - Voya Fixed Account

Sector Allocations:

- ❑ U.S. corporate public securities (30%)
- ❑ U.S. corporate private securities (11%)
- ❑ Foreign corporate public securities and foreign governments (9%)
- ❑ Foreign corporate private securities (11%)
- ❑ Mortgage loans on real estate (16%)
- ❑ Residential mortgage-backed securities (9%)
- ❑ U.S. treasury, agencies and municipalities (5%)
- ❑ Commercial mortgage-backed securities (5%)
- ❑ Other asset-backed securities (2%)
- ❑ Derivatives (0%)
- ❑ Short-term investments (0%)
- ❑ Limited partnerships/corporations (1%)
- ❑ Policy loans (1%)
- ❑ Equity Securities (0%)



As of 9/30/2017

State of Nevada - Voya Fixed Account

- ❑ Contract Type: General Account Group Annuity Contract
 - Non Participating
- ❑ Four Contracts:
 - 666783 State Of Nevada Deferred Comp.
 - 666970 State Of Nevada DCP Alliance Partner
 - 666971 State Of Nevada DCP NSHE
 - State Of Nevada FICA Alternative
- ❑ JOI: Issued in the State of Nevada
- ❑ Objective: Stability of Principal
- ❑ Issuer: Voya Retirement Insurance & Annuity Company
- ❑ Contract Funding Date: January 1, 2015

State of Nevada - Voya Fixed Account

- ❑ Assets in Voya Fixed Account December 31, 2017:
 - State Of Nevada Deferred Comp.: \$231,603,941.15
 - State Of Nevada DCP Alliance Partner: \$72,537,911.02
 - State Of Nevada DCP NSHE: \$13,565,692.06
 - State Of Nevada FICA Alternative: \$36,814,368.85
 - Total: \$354,521,913.08

- Approximate Allocation to Fixed: 40%
- Asset Based Plan Administration Fee: 8 Basis Points
 - Assessed on all Variable Funds (not Fixed Account)
- Annual Participant Fee: \$30
 - ❑ Deducted quarterly across all plan assets

State Of Nevada – Voya Fixed Account Equity Wash/Competing Funds

- ❑ Plans are subject to a 90 day Equity Wash Rule*
 - If the plan contains competing fund, no direct transfers are allowed between the competing fund and the Fixed Account
 - Equity Wash rule is a rule that protects participants in Voya Fixed Account from anti-selection

- ❑ Competing Fund
 - TD Ameritrade Self Directed Brokerage Account

*FICA Plan not subject to Equity wash - contains a single investment option – Voya Fixed Account

State Of Nevada – Voya Fixed Account Sponsor Surrender Options

❑ Market Value Adjustment

- ❑ Formula based – can be positive or negative

❑ Full Surrender Paid Out in five installment payments

- 1/5th of Balance on initial request date
- 1/4th of remaining balance on 2nd anniversary
- 1/3rd of remaining balance on 3rd anniversary
- 1/2 of remaining balance on 4th anniversary
- Remaining balance on 5th anniversary

➤ Participant Cashflow Treatment During Installment Payout

- ❑ Voya Fixed Account will stop accepting deposits
- ❑ Voya will continue to pay participant withdrawals subject to terms of the contract

State Of Nevada Fixed Account Crediting Rates

State of Nevada – Contractually Committed Crediting Rates

❑ 2015	3.50%
❑ 2016:	3.15%
❑ 2017	2.75%
❑ 2018	2.50%
❑ 2019	2.50%
❑ After 12/31/2019:	TBD
❑ Lifetime Minimum Floor Rate:	1.00%

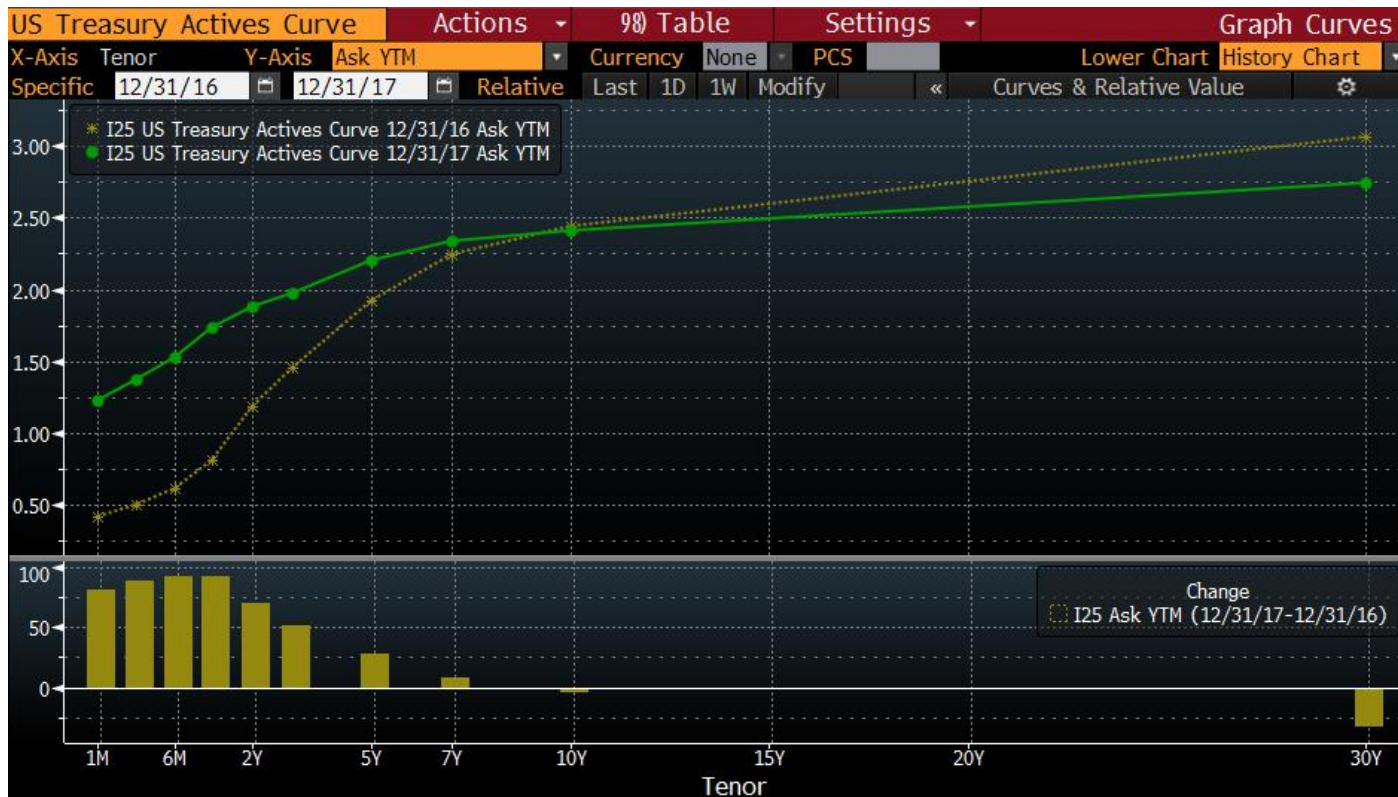
State of Nevada - Voya Fixed Account Crediting Rate Methodology

- ❑ Fixed Account product does not have a formula to reset crediting rates
- ❑ Crediting rates are reviewed periodically and set based upon:
 - ❑ Plan specific characteristics
 - ❑ Contract guarantees
 - ❑ Portfolio investment income earned on invested assets
 - ❑ Amortization of any portfolio capital gains/losses on the sales of assets
- ❑ Rate Setting Factors – 2017/2018
 - ❑ Although there were 3 FED rate increases during 2017, they produced no yield benefit for longer term fixed income investments
 - ❑ Yields on corporate bonds declined during 2017
 - ❑ Older higher yielding investment proceeds are being invested at lower rates
 - ❑ Overall portfolio net earned rate still declining
- ❑ Contractual guarantee of 2.50% (2018 and 2019) is above our Large Case Credit Crediting Rate

Market Overview – US Treasury Rates

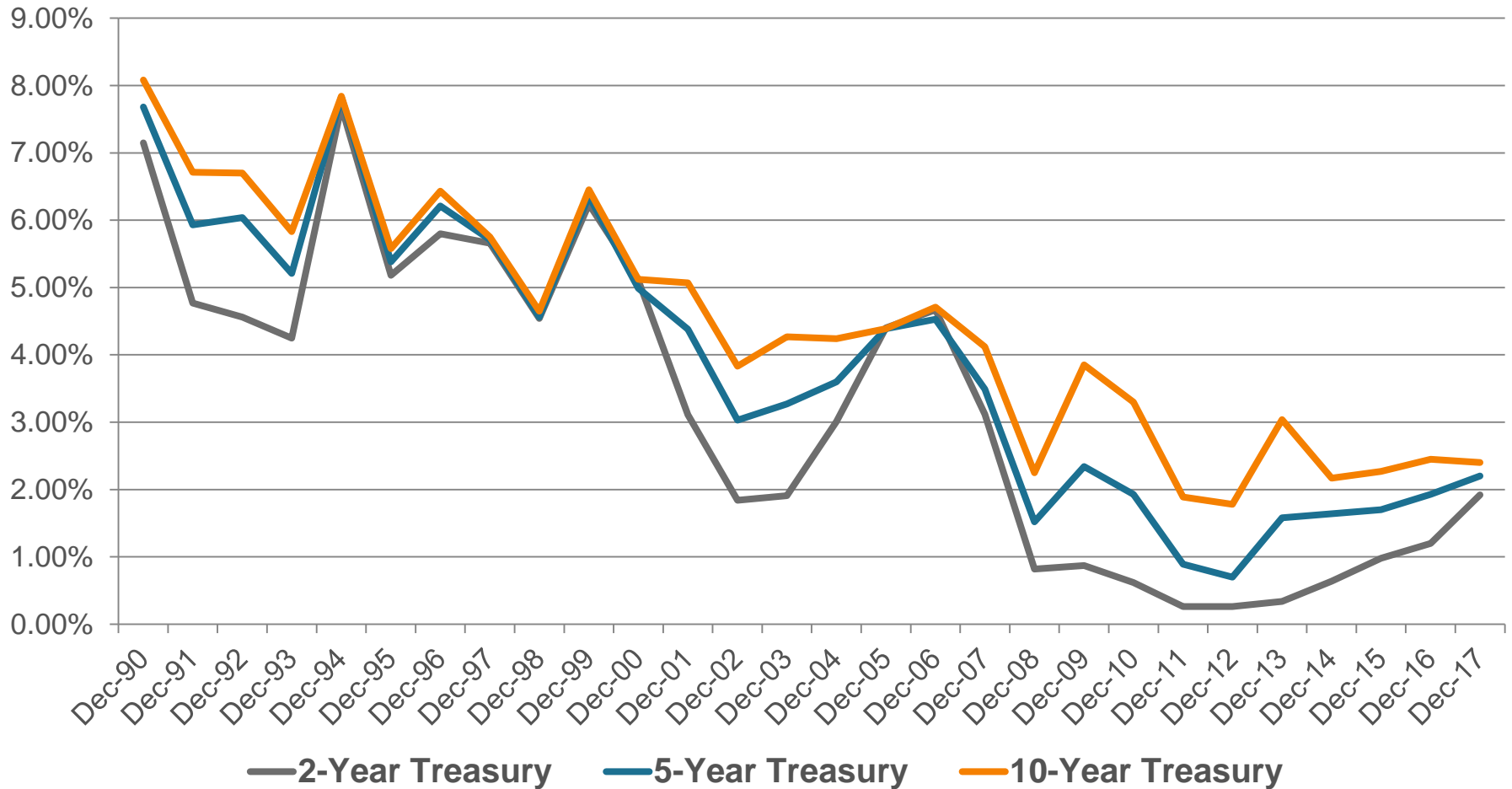
- Short rates sold off while long rates rallied and the curve flattened in 2017

Tenor	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
12/29/2017	1.23%	1.38%	1.53%	1.73%	1.88%	1.97%	2.21%	2.33%	2.41%	2.74%
12/30/2016	0.42%	0.50%	0.61%	0.81%	1.19%	1.45%	1.93%	2.25%	2.44%	3.07%
Change	0.81%	0.88%	0.92%	0.92%	0.69%	0.52%	0.28%	0.09%	-0.04%	-0.33%



Source: Bloomberg Data as of 12/31/2017

Historical Treasury Yields



Treasury rates are annualized month end market yield on U.S. Treasury securities at 2-year, 5-year and 10-year constant maturity, quoted on an investment basis. Source: Federal Reserve.

SVIA's Stable Value Funds' Quarterly Characteristics Survey*

Weighted Average	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
Crediting Rate	4.05%	3.35%	3.26%	2.86%	2.48%	2.40%	2.28%	2.16%	2.14%
Duration (years)	2.75	2.89	3.00	2.74	2.81	2.95	3.03	3.30	3.39
Credit Quality	AA	AA	AA	AA1	AA1	AA1	AA1	AA1	AA1

*Data Source: Weighted Average from Stable Value Investment Association (SVIA) Stable Value Funds' Characteristics Survey published December 31, 2016

Presenter Biography



Anthony "Tony" Camp, Jr., CEBS

Vice President, Stable Value

Years of investment experience: 35

Tony Camp is Vice President of Voya's Stable Value Product Group and has over 30 years of experience in the Pension Industry working with Defined Benefit and Defined Contribution Plans and Insurance Products. His responsibilities include all aspects of stable value product and client management for Voya's stable value Tax Exempt, Corporate and Investment Only clients. Specific duties include business generation, client relationship and management, product development, business development and research. Tony directly manages stable value product offerings for Voya's premiere Tax Exempt and Corporate Full Service and Investment Only clients. Tony holds FINRA Series 6 and 26 securities registrations and insurance licenses in all 50 states