
Voya Hires New Retirement Chief

By Kerry Pechter Thu, Apr 23, 2015

Charles P. Nelson (pictured) will lead Voya Financial's individual and institutional retirement businesses after serving more than 30 years at Great-West Financial. He fills a management gap left by the sudden departure of Voya Retirement Solutions chief Maliz Beams last fall.

Voya Financial, Inc., announced this week that it has hired Charles P. Nelson to be its CEO of Retirement, effective May 1. Nelson, 54, who spent the past 32 years with Great-West Financial, will oversee Voya's workplace and individual retirement businesses.

Nelson will be head of Tax-Exempt and Corporate Markets and Retail Wealth Management, which includes the company's 401(k), 403(b) and 457 plans, and IRAs, as well as its phone-based investor channel for individual IRA holder and its retail broker-dealer, Voya Financial Advisors. Jeff Becker will remain CEO of Voya Investment Management.

Both men will report to Alain Karaoglan, Voya Financial's chief operating officer, who is also serving as CEO of Voya Retirement and Investment Solutions. Karaoglan reports to Rodney O. Martin Jr., Voya's chairman and CEO.

In 2014, Voya's retirement segment accounted for approximately 40% of the company's operating earnings. Asked by *RIJ* to describe his accomplishments at Great-West, Nelson said, "In the mid-1990s we were the 38th largest retirement services provider. As I'm leaving, it's now the number two provider."

As CEO of Retirement at Voya, Nelson fills a management vacuum left by the sudden departure last fall of Maliz Beams, who had been chief executive of Voya Financial's Retirement Solutions business. Nelson's responsibilities will cover both individual and institutional retirement.

Voya's U.S. retirement business is in the midst of a makeover, subsequent to its recent separation from Dutch parent ING and its rebranding as Voya Financial. Over the next four years, the company has announced, it plans a gradual \$300 to \$350 million investment in "digital and analytics capabilities and a cross-enterprise strategy."

"The company's Investment Management and Retirement businesses will become more closely aligned," Voya said in a release.

Voya is becoming a bigger contestant in the nascent in-plan annuity business. In February,

Voya's recordkeeping platform began offering the Alliance Bernstein multi-insurer lifetime income option to Voya-administered large retirement plans. That program allows participants to be defaulted into a target date fund with a guaranteed lifetime income wrapper.

Alliance Bernstein pioneered the concept at United Technologies. The guarantees are competitively underwritten by either AXA, Nationwide, Lincoln or Prudential, which compete to insure assets contributed to the target date funds by individual plan participants. Since early 2012, Voya (then ING US) has offered a similar Lifetime Income Protection program to participants in the smaller retirement plans that it administers. The insurers in that program are AXA, Nationwide and Voya Retirement Insurance and Annuity Company.

Nelson departs Great-West shortly after helping former Fidelity executive Robert Reynolds, the Great-West CEO since May 2014, combine JPMorgan's retirement plan business, Putnam Investments, and Great-West Retirement into the umbrella of Empower Retirement. While Nelson was at Great-West, the insurer had introduced a target date fund with a lifetime income rider for its retirement plan clients, similar to what Voya has done. Great-West is owned by Power, Inc., of Canada.

By merging its individual and institutional retirement businesses, Voya hopes to do what most full-service 401(k) providers are trying to do today: retain former plan participants as rollover clients and capture more of their assets. For Voya, the strategy includes the creation of My Orange Money, a digital channel where participants can find out if they are "on track" toward a financially secure retirement, and what to do if they aren't.

Aside from investing internally, Voya bought back about \$800 million in its own stock in 2014 and intends to buy back another \$750 million, as part of a campaign to raise its adjusted operating return on equity to 13% to 14%.

"In 2014, we grew our Adjusted Operating ROE 180 basis points from year-end 2013 to reach our 2016 Adjusted Operating ROE target of 12% to 13% - two years ahead of our plan and despite the continued low interest rate environment," said CEO Martin, in a release. "Since establishing our ROE target in 2012, we... have achieved 380 basis points of improvement in our Adjusted Operating ROE."

Nelson's direct reports will include Carolyn Johnson, president of Tax-Exempt Markets; Richard Linton, president of Large Corporate Markets and Retail Wealth

Management; and Richard Mason, president of Small/Mid Corporate and Institutional Investment Markets. Johnson will also report to COO Alain Karaoglan in her role as president of Annuities. Jeffrey Becker, CEO of Voya Investment Management, will continue to report to Karaoglan.

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