

**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, 2026
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 Number: 001-40274

Jackson Financial Inc.

(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction of incorporation or
organization)**

**98-0486152
(I.R.S. Employer Identification No.)**

**1 Corporate Way, Lansing, Michigan
(Address of principal executive offices)**

**48951
(Zip Code)**

**(517) 381-5500
(Registrant's telephone number, including area code)**

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, Par Value \$0.01 Per Share	JXN	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A	JXN PR A	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 27, 2026, there were 67,728,744 shares of the registrant's Common Stock, \$0.01 par value, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Jackson Financial Inc. Condensed Consolidated Balance Sheets (in millions, except share data)

	June 30, 2026 (Unaudited)	December 31, 2025
Assets		
Investments:		
Debt Securities, available-for-sale, net of allowance for credit losses of \$24 and \$11 at June 30, 2026 and December 31, 2025, respectively (amortized cost: 2026 \$55,815; 2025 \$50,491)	\$ 52,208	\$ 47,321
Debt Securities, at fair value under fair value option	3,534	3,470
Equity securities, at fair value	262	172
Mortgage loans, net of allowance for credit losses of \$176 and \$133 at June 30, 2026 and December 31, 2025, respectively	10,414	9,887
Mortgage loans, at fair value under fair value option	595	324
Policy loans (including \$3,617 and \$3,537 at fair value under the fair value option at June 30, 2026 and December 31, 2025, respectively)	4,484	4,426
Freestanding derivative instruments	422	448
Other invested assets	3,392	3,185
Total investments	75,311	69,233
Cash and cash equivalents	5,986	5,704
Accrued investment income	714	634
Deferred acquisition costs	11,655	11,660
Reinsurance recoverable, net of allowance for credit losses of \$31 and \$30 at June 30, 2026 and December 31, 2025, respectively	18,331	19,518
Reinsurance recoverable on market risk benefits, at fair value	109	118
Market risk benefit assets, at fair value	8,046	7,867
Deferred income taxes, net	609	719
Other assets	917	637
Separate account assets	245,387	236,496
Total assets	\$ 367,065	\$ 352,586
Liabilities and Equity		
Liabilities		
Reserves for future policy benefits and claims payable	\$ 10,634	\$ 10,896
Other contract holder funds	73,285	67,663
Market risk benefit liabilities, at fair value	3,368	3,754
Funds withheld payable under reinsurance treaties (including \$3,806 and \$3,723 at fair value under the fair value option at June 30, 2026 and December 31, 2025, respectively)	14,090	14,960
Debt	2,769	2,030
Repurchase agreements and securities lending payable	477	1,036
Collateral payable for derivative instruments	14	58
Freestanding derivative instruments	657	257
Notes issued by consolidated variable interest entities, at fair value under fair value option (see Note 4)	2,474	2,578
Other liabilities	3,436	2,516
Separate account liabilities	245,387	236,496
Total liabilities	356,591	342,244
Commitments, Contingencies, and Guarantees (see Note 16)		
Equity		
Series A non-cumulative preferred stock and additional paid in capital, \$1.00 par value per share: 24,000 shares authorized; 22,000 shares issued and outstanding at June 30, 2026 and December 31, 2025; liquidation preference \$25,000 per share (see Note 19)	533	533
Common stock; 1,000,000,000 shares authorized, \$0.01 par value per share and 68,185,286 and 66,825,632 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively (see Note 19)	1	1
Additional paid-in capital	6,401	6,063
Treasury stock, at cost; 26,303,029 and 27,662,683 shares at June 30, 2026 and December 31, 2025, respectively	(1,897)	(1,645)
Accumulated other comprehensive income (loss), net of tax expense (benefit) of \$(286) and \$(377) at June 30, 2026 and December 31, 2025, respectively	(2,625)	(2,470)
Retained earnings	7,549	7,471
Total shareholders' equity	9,962	9,953
Noncontrolling interests	512	389
Total equity	10,474	10,342
Total liabilities and equity	\$ 367,065	\$ 352,586

See Notes to Condensed Consolidated Financial Statements.

Jackson Financial Inc.
Condensed Consolidated Income Statements
(Unaudited, in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenues				
Fee income	\$ 1,968	\$ 1,942	\$ 3,966	\$ 3,928
Premiums	38	40	66	80
Net investment income:				
Net investment income excluding funds withheld assets	727	491	1,268	1,019
Net investment income on funds withheld assets	201	227	400	454
Total net investment income	928	718	1,668	1,473
Net gains (losses) on derivatives and investments:				
Net gains (losses) on derivatives and investments	(2,487)	(2,860)	(2,204)	(1,517)
Net gains (losses) on funds withheld reinsurance treaties	(297)	(327)	(456)	(715)
Total net gains (losses) on derivatives and investments	(2,784)	(3,187)	(2,660)	(2,232)
Other income	18	16	30	30
Total revenues	168	(471)	3,070	3,279
Benefits and Expenses				
Death, other policy benefits and change in policy reserves, net of deferrals	221	256	479	500
(Gain) loss from updating future policy benefits cash flow assumptions, net	20	12	38	24
Market risk benefits (gains) losses, net	(2,053)	(2,203)	(383)	43
Interest credited on other contract holder funds, net of deferrals and amortization	320	295	635	583
Interest expense	27	25	52	50
Operating costs and other expenses, net of deferrals	687	681	1,422	1,358
Amortization of deferred acquisition costs	281	274	562	549
Total benefits and expenses	(497)	(660)	2,805	3,107
Pretax income (loss)	665	189	265	172
Income tax expense (benefit)	5	4	25	5
Net income (loss)	660	185	240	167
Less: Net income (loss) attributable to noncontrolling interests	5	6	9	12
Net income (loss) attributable to Jackson Financial Inc.	655	179	231	155
Less: Dividends on preferred stock	11	11	22	22
Net income (loss) attributable to Jackson Financial Inc. common shareholders	\$ 644	\$ 168	\$ 209	\$ 133
Earnings per share				
Basic	\$ 9.18	\$ 2.34	\$ 2.99	\$ 1.83
Diluted	\$ 9.16	\$ 2.34	\$ 2.98	\$ 1.83

See Notes to Condensed Consolidated Financial Statements.

Jackson Financial Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited, in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	\$ 660	\$ 185	\$ 240	\$ 167
Other comprehensive income (loss), net of tax:				
Change in unrealized gains (losses) on securities with no credit impairment, net of tax expense (benefit) of: \$17 and \$9, for the three months ended June 30, 2026 and 2025, respectively, and \$19 and \$49, for the six months ended June 30, 2026 and 2025, respectively.	172	354	(380)	961
Change in unrealized gains (losses) on securities with credit impairment, net of tax expense (benefit) of: \$1 and \$(1), for the three months ended June 30, 2026 and 2025, respectively, and \$1 and \$(1), for the six months ended June 30, 2026 and 2025, respectively.	(9)	(25)	(33)	(26)
Change in current discount rate related to reserve for future policy benefits, net of tax expense (benefit) of \$(3) and \$(7), for the three months ended June 30, 2026 and 2025, respectively, and \$13 and \$(23), for the six months ended June 30, 2026 and 2025, respectively.	(11)	(24)	46	(83)
Change in non-performance risk on market risk benefits, net of tax expense (benefit) of \$(14) and \$(58), for the three months ended June 30, 2026 and 2025, respectively, and \$58 and \$13, for the six months ended June 30, 2026 and 2025, respectively.	(49)	(209)	212	47
Total other comprehensive income (loss)	103	96	(155)	899
Comprehensive income (loss)	763	281	85	1,066
Less: Comprehensive income (loss) attributable to noncontrolling interests	5	6	9	12
Comprehensive income (loss) attributable to Jackson Financial Inc.	\$ 758	\$ 275	\$ 76	\$ 1,054

See Notes to Condensed Consolidated Financial Statements.

Jackson Financial Inc.
Condensed Consolidated Statements of Equity
(Unaudited, in millions)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock at Cost	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity	Non- Controlling Interests	Total Equity
Balances as of March 31, 2026	\$ 533	\$ 1	\$ 6,393	\$ (1,671)	\$ (2,728)	\$ 6,968	\$ 9,496	\$ 404	\$ 9,900
Net income (loss)	—	—	—	—	—	655	655	5	660
Other comprehensive income (loss)	—	—	—	—	103	—	103	—	103
Change in equity of noncontrolling interests	—	—	—	—	—	—	—	103	103
Dividends on preferred stock	—	—	—	—	—	(11)	(11)	—	(11)
Dividends on common stock	—	—	—	—	—	(63)	(63)	—	(63)
Purchase of treasury stock	—	—	—	(227)	—	—	(227)	—	(227)
Issuance of treasury stock	—	—	—	—	—	—	—	—	—
Share based compensation	—	—	8	1	—	—	9	—	9
Balances as of June 30, 2026	\$ 533	\$ 1	\$ 6,401	\$ (1,897)	\$ (2,625)	\$ 7,549	\$ 9,962	\$ 512	\$ 10,474

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock at Cost	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity	Non- Controlling Interests	Total Equity
Balances as of March 31, 2025	\$ 533	\$ 1	\$ 6,042	\$ (1,179)	\$ (2,719)	\$ 7,623	\$ 10,301	\$ 224	\$ 10,525
Net income (loss)	—	—	—	—	—	179	179	6	185
Other comprehensive income (loss)	—	—	—	—	96	—	96	—	96
Change in equity of noncontrolling interests	—	—	—	—	—	—	—	18	18
Dividends on preferred stock	—	—	—	—	—	(11)	(11)	—	(11)
Dividends on common stock	—	—	—	—	—	(58)	(58)	—	(58)
Purchase of treasury stock	—	—	—	(158)	—	—	(158)	—	(158)
Share based compensation	—	—	5	—	—	—	5	—	5
Balances as of June 30, 2025	\$ 533	\$ 1	\$ 6,047	\$ (1,337)	\$ (2,623)	\$ 7,733	\$ 10,354	\$ 248	\$ 10,602

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock at Cost	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity	Non- Controlling Interests	Total Equity
Balances as of December 31, 2025	\$ 533	\$ 1	\$ 6,063	\$ (1,645)	\$ (2,470)	\$ 7,471	\$ 9,953	\$ 389	\$ 10,342
Net income (loss)	—	—	—	—	—	231	231	9	240
Other comprehensive income (loss)	—	—	—	—	(155)	—	(155)	—	(155)
Change in equity of noncontrolling interests	—	—	—	—	—	—	—	114	114
Dividends on preferred stock	—	—	—	—	—	(22)	(22)	—	(22)
Dividends on common stock	—	—	—	—	—	(128)	(128)	—	(128)
Purchase of treasury stock	—	—	—	(454)	—	—	(454)	—	(454)
Issuance of treasury stock	—	—	322	178	—	—	500	—	500
Share based compensation	—	—	16	24	—	(3)	37	—	37
Balances as of June 30, 2026	\$ 533	\$ 1	\$ 6,401	\$ (1,897)	\$ (2,625)	\$ 7,549	\$ 9,962	\$ 512	\$ 10,474

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock at Cost	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity	Non- Controlling Interests	Total Equity
Balances as of December 31, 2024	\$ 533	\$ 1	\$ 6,046	\$ (1,007)	\$ (3,522)	\$ 7,713	\$ 9,764	\$ 218	\$ 9,982
Net income (loss)	—	—	—	—	—	155	155	12	167
Other comprehensive income (loss)	—	—	—	—	899	—	899	—	899
Change in equity of noncontrolling interests	—	—	—	—	—	—	—	18	18
Dividends on preferred stock	—	—	—	—	—	(22)	(22)	—	(22)
Dividends on common stock	—	—	—	—	—	(117)	(117)	—	(117)
Purchase of treasury stock	—	—	—	(360)	—	—	(360)	—	(360)
Share based compensation	—	—	1	30	—	4	35	—	35
Balances as of June 30, 2025	\$ 533	\$ 1	\$ 6,047	\$ (1,337)	\$ (2,623)	\$ 7,733	\$ 10,354	\$ 248	\$ 10,602

See Notes to Condensed Consolidated Financial Statements.

Jackson Financial Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, in millions)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	\$ 240	\$ 167
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized losses (gains) on investments	68	175
Net losses (gains) on derivatives	2,136	1,342
Net losses (gains) on funds withheld reinsurance treaties	456	715
Net (gain) loss on market risk benefits	(383)	43
(Gain) loss from updating future policy benefits cash flow assumptions, net	38	24
Interest credited on other contract holder funds, gross	635	583
Mortality, expense and surrender charges	(253)	(263)
Amortization of discount and premium on investments	(30)	(18)
Deferred income tax expense (benefit)	19	(7)
Share-based compensation	74	72
Change in:		
Accrued investment income	(80)	(32)
Deferred acquisition costs	5	206
Funds withheld, net of reinsurance	224	168
Future policy benefits	(212)	(277)
Other assets and liabilities, net	(43)	(131)
Net cash provided by (used in) operating activities	2,894	2,767
Cash flows from investing activities:		
Sales, maturities and repayments of:		
Debt securities	4,931	4,091
Equity securities	53	19
Mortgage loans	770	730
Purchases of:		
Debt securities	(9,840)	(6,758)
Equity securities	(51)	—
Mortgage loans	(1,627)	(751)
Settlements related to derivatives and collateral on investments	483	(928)
Other investing activities	(166)	(121)
Net cash provided by (used in) investing activities	(5,447)	(3,718)

(continued)

See Notes to Condensed Consolidated Financial Statements.

Jackson Financial Inc.
Condensed Consolidated Statements of Cash Flows (continued)
(Unaudited, in millions)

	Six Months Ended June 30,	
	2026	2025
Cash flows from financing activities:		
Policyholders' account balances:		
Deposits	\$ 15,799	\$ 12,126
Withdrawals	(23,404)	(19,353)
Net transfers from (to) separate accounts	10,815	9,465
Proceeds from (payments on) repurchase agreements and securities lending	(558)	(383)
Net proceeds from (payments on) Federal Home Loan Bank notes	—	(700)
Settlements related to deferred premium on derivatives	(335)	—
Proceeds from debt	750	—
Payments on debt	(4)	(4)
Pre-capitalized trust securities and debt issuance costs	(17)	—
Issuance of debt of consolidated investment entities	31	395
Repayments of debt of consolidated investment entities	(236)	(98)
Contributions from partners of consolidated investments	96	17
Dividends on common stock	(126)	(115)
Dividends on preferred stock	(22)	(22)
Purchase of treasury stock	(454)	(360)
Issuance of treasury stock	500	—
Net cash provided by (used in) financing activities	2,835	968
Net increase (decrease) in cash, cash equivalents, and restricted cash	282	17
Cash, cash equivalents, and restricted cash at beginning of period	5,704	3,767
Total cash, cash equivalents, and restricted cash at end of period	\$ 5,986	\$ 3,784
Supplemental cash flow information		
Income taxes paid (received)	\$ (46)	\$ (11)
Interest paid	\$ 86	\$ 127
Non-cash investing activities		
Debt securities acquired from exchanges, payments-in-kind, and similar transactions	\$ 66	\$ 178
TPG Inc. common stock acquired	\$ 150	\$ —
Non-cash financing activities		
Non-cash dividend equivalents on stock-based awards	\$ (2)	\$ (2)
Reconciliation to Condensed Consolidated Balance Sheets		
Cash and cash equivalents	\$ 5,986	\$ 3,784
Restricted cash (included in Other assets)	—	—
Total cash, cash equivalents, and restricted cash	\$ 5,986	\$ 3,784

See Notes to Condensed Consolidated Financial Statements.

Jackson Financial Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Business and Basis of Presentation

Jackson Financial Inc. ("JFI" or "Jackson Financial") together with its subsidiaries (the "Company," which also may be referred to as "we," "our" or "us"), is a financial services company focused on helping Americans secure their financial futures. Jackson Financial is a Delaware corporation.

Jackson Financial's primary life insurance subsidiary, Jackson National Life Insurance Company and its insurance subsidiaries (collectively, "Jackson"), is licensed to sell group and individual annuity products (including variable, registered index-linked, fixed index, fixed and payout annuities), and individual life insurance products, including variable universal life, in all 50 states and the District of Columbia. Jackson also participates in the institutional products market through the issuance of guaranteed investment contracts ("GICs") and funding agreements. In addition to Jackson, Jackson Financial's operating subsidiaries include:

- PPM America, Inc. ("PPM"), a registered investment adviser, is the Company's investment management operation that manages the life insurance companies' general account investment funds. PPM also provides investment services to other institutional clients globally;
- Brooke Life Insurance Company ("Brooke Life"), the direct parent of Jackson, is a Michigan life insurance company licensed to sell life insurance and annuity products in the state of Michigan;
- Brooke Life Reinsurance Company ("Brooke Re"), a direct subsidiary of Brooke Life, is a Michigan captive reinsurance company; and
- Hickory Brooke Reinsurance Company ("Hickory Re"), a direct subsidiary of Brooke Re, is a Michigan captive reinsurance company.

Significant wholly-owned subsidiaries of Jackson are as follows:

- Life insurers: Jackson National Life Insurance Company of New York; Squire Reassurance Company II, Inc.; and VFL International Life Company SPC, LTD;
- Registered broker-dealer: Jackson National Life Distributors LLC; and
- Registered investment adviser: Jackson National Asset Management LLC ("JNAM") manages the life insurance companies' separate account funds underlying our variable annuities products, of which the majority of the funds are sub-advised. JNAM manages and oversees those sub-advisers.

The Company's Condensed Consolidated Financial Statements also include other insignificant partnerships, limited liability companies ("LLCs"), and other variable interest entities ("VIEs") in which the Company is deemed the primary beneficiary.

Brooke Life Reinsurance Company

During the first quarter of 2024, Jackson entered into a reinsurance transaction with Brooke Re and all economics of the transaction were effective as of January 1, 2024. The reinsurance transaction primarily provides for the cession from Jackson to Brooke Re of liabilities associated with certain guaranteed benefit riders under variable annuity contracts and similar products of Jackson (constituting "market risk benefits"), both in-force on the effective date of the reinsurance agreement and written in the future (*i.e.*, on a "flow" basis). Since Jackson and Brooke Re are subsidiaries of JFI, the reinsurance transaction eliminates upon consolidation at JFI. For regulatory reporting purposes, Brooke Re utilizes a modified U.S. generally accepted accounting principles ("U.S. GAAP") approach, primarily related to market risk benefits, with the intent to increase alignment between assets and liabilities in response to changes in economic factors. The reinsurance transaction and related modified U.S. GAAP approach allows us to mitigate the impact of the cash surrender value floor on Jackson's total adjusted capital, statutory required capital, and risk-based capital ratio, as well as allows for more efficient economic hedging of the underlying risks of Jackson's business.

Hickory Brooke Reinsurance Company

During the fourth quarter of 2025, Jackson entered into a reinsurance agreement with Hickory Re, on a quota-share coinsurance basis on certain fixed annuities and fixed index annuities issued by Jackson, including the annuitization of these contracts, with all economics of the transaction effective as of December 1, 2025. Additionally, under the agreement Hickory Re will reinsure the new sales of fixed annuities and fixed index annuities of Jackson. Since Jackson and Hickory Re are subsidiaries of JFI, the reinsurance transaction eliminates upon consolidation at JFI. For regulatory reporting purposes, Hickory Re measures the liabilities for assumed contracts using a modified U.S. GAAP methodology that is intended to increase alignment between assets and liabilities in response to changes in economic factors.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP for interim financial information. Accordingly, certain financial information that is normally included in annual financial statements prepared in accordance with U.S. GAAP, but not required for interim reporting purposes, has been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on February 24, 2026 (the "2025 Annual Report"). The condensed consolidated financial information as of December 31, 2025, included herein, has been derived from the audited Consolidated Financial Statements in the 2025 Annual Report.

Certain accounting policies, which significantly affect the determination of the Company's financial condition, results of operations and cash flows, are summarized in the Notes to Consolidated Financial Statements in the 2025 Annual Report.

In the opinion of management, these Condensed Consolidated Financial Statements include all normal recurring adjustments necessary for a fair presentation of the Company's results. Operating results for the three and six months ended June 30, 2026, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2026. All material intercompany accounts and transactions have been eliminated upon consolidation. All prior period amounts have been conformed to the current period presentation.

Use of Estimates

The preparation of these Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires the use of estimates and assumptions about future events that affect the amounts reported in the Condensed Consolidated Financial Statements and the accompanying notes. Significant estimates or assumptions, as further discussed in these notes, include:

- Valuation of investments and derivative instruments, including fair values of securities deemed to be in an illiquid market and the determination of when an impairment is necessary;
- Assumptions used in calculating policy reserves and liabilities, including policyholder behavior, mortality rates, expenses, investment returns and policy crediting rates;
- Estimates related to expectations of credit losses on certain financial assets and off-balance sheet exposures;
- Assumptions and estimates associated with the Company's tax positions, including an estimate of the dividends received deduction, which impact the amount of recognized tax benefits recorded by the Company, and assumptions as to future earnings levels being sufficient to realize deferred tax benefits;
- Assumptions used in calculating market risk benefits, including policyholder behavior, mortality rates, and capital market assumptions; and
- Assumptions impacting the expected term used in amortizing deferred acquisition costs, including policyholder behavior and mortality rates.

These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other appropriate factors. As facts and circumstances evolve, these estimates and assumptions may be adjusted. Since future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. The effects of changes in estimates and assumptions, including those resulting from changing expectations with respect to the economic environment, will be reflected in the consolidated financial statements covering the periods in which the estimates are changed.

2. New Accounting Standards

Accounting Pronouncements – Issued but Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2024-03, "Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40)," which requires disaggregated disclosure of income statement expenses for public business entities. The ASU requires footnote disclosure about specific types of expenses included in certain expense captions presented on the face of the income statement and the total amount of selling expenses on an annual and interim basis. The entity is also required to disclose its definition of selling expenses in annual reporting periods. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is in the process of evaluating the impact of the new guidance and determining the transition method and the timing of adoption.

In September 2025, the FASB issued ASU 2025-06, "Intangibles – Goodwill and Other – Internal-use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-use Software." Under the new standard, an entity will start capitalizing eligible software costs when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to-complete recognition threshold"). The amendments in this ASU will be effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The amendments can be applied on a fully prospective basis, a modified basis for in-process projects, or a fully retrospective basis. The Company is in the process of evaluating the impact of the new guidance and determining the transition method and the timing of adoption.

In December 2025, the FASB issued ASU 2025-08, "Financial Instruments – Credit Losses (Topic 326): Purchased Loans," which requires certain purchased seasoned loans acquired without credit deterioration be accounted for using the gross-up approach in Topic 326 that is currently applied to purchased with credit deterioration ("PCD") financial assets. Under the gross-up approach, the initial allowance for credit losses is established by increasing the amortized cost basis of the loan rather than recognizing a charge to credit loss expense. The amendments in this ASU will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance. The amendments are to be applied prospectively. The Company plans to adopt the new guidance effective January 1, 2027.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow Scope Improvements," which provides additional guidance on what disclosures should be provided in interim reporting periods including disclosure of events since the end of the last annual reporting period that have a material impact on the entity. The amendments in this ASU will be effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments in this ASU can be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company is in the process of evaluating the impact of the new guidance and determining the transition method and the timing of adoption.

3. Segment Information

The Company has three reportable segments: Retail Annuities, Institutional Products, and Closed Life and Annuity Blocks. The Company reports, in Corporate and Other, certain activities and items that are not included in these reportable segments, including the results of PPM Holdings, Inc., the holding company of PPM, which manages the majority of the Company's general account investment portfolio. The reportable segments reflect how the Company's chief operating decision maker (the "CODM") views and manages the business. The Company's CODM function is performed jointly by our Chief Executive Officer and our Chief Financial Officer. For our three reportable segments, the CODM uses segment pretax adjusted operating earnings to allocate resources for each segment (predominantly through our annual budget and forecasting process) and to assess the performance of each segment (primarily by comparing the results of each segment with one another) with planned and forecasted results, and compared to prior period results. The following is a brief description of each of the Company's reportable segments, plus its Corporate and Other segment.

Retail Annuities

The Company's Retail Annuities segment offers a variety of retirement income and savings products through its diverse suite of products, consisting primarily of variable annuities, registered index-linked annuities ("RILA"), fixed annuities, fixed index annuities, and payout annuities. These products are distributed through various wirehouses, insurance brokers and independent broker-dealers, as well as through banks and financial institutions.

The Company's variable annuities represent an attractive option for retirees and soon-to-be retirees, providing access to equity market appreciation and add-on benefits, including guaranteed lifetime income. A RILA offers customers access to market returns through market index-linked investment options, subject to a cap, and offers a variety of features designed to modify or limit losses. A fixed index annuity is designed for investors who desire principal protection with the opportunity to participate in capped upside investment returns linked to a reference market index. A fixed annuity is a guaranteed product designed to build wealth without market exposure, through a crediting rate that is likely to be superior to interest rates offered by banks or money market funds.

The financial results of the variable annuity business within the Company's Retail Annuities segment are largely dependent on the performance of the contract holder account value, which impacts both the level of fees collected and the benefits paid to the contract holder. The financial results of the Company's fixed annuities, fixed index annuities, RILA and the fixed option on variable annuities, are largely dependent on the Company's ability to earn a spread between earned investment rates on general account assets and the interest credited to contract holders.

Institutional Products

The Company's Institutional Products segment consists of traditional guaranteed investment contracts ("GICs") and funding agreements. The Company's GIC products are marketed to defined contribution pension and profit-sharing retirement plans. Funding agreements are marketed to institutional investors, including corporate cash accounts and securities lending funds, as well as money market funds. Funding agreements are also issued in conjunction with the Company's participation in the U.S. Federal Home Loan Bank ("FHLB") program.

The financial results of the Company's institutional products business are primarily dependent on the Company's ability to earn a spread between earned investment rates on general account assets and the interest credited on GICs and funding agreements.

Closed Life and Annuity Blocks

The Company's Closed Life and Annuity Blocks segment is primarily composed of blocks of business that have been acquired since 2004. This segment includes various protection products, primarily whole life, universal life, variable universal life, and term life insurance products, as well as fixed, fixed index, and payout annuities. The Company historically offered traditional and interest-sensitive life insurance products but discontinued new sales of life insurance products in 2012, as we believe opportunistically acquiring mature blocks of life insurance policies is a more efficient means of diversifying our in-force business than selling new life insurance products.

The profitability of the Company's Closed Life and Annuity Blocks segment is largely driven by its historical ability to appropriately price its products and purchase appropriately priced blocks of business, as realized through underwriting, expense and net gains (losses) on derivatives and investments, and the ability to earn an assumed rate of return on the assets supporting that business.

Corporate and Other

The Company's Corporate and Other segment primarily consists of the operations of its investment management subsidiary, PPM, as well as VIEs and unallocated corporate income and expenses. The Corporate and Other segment also includes intersegment eliminations and consolidation adjustments.

Segment Performance Measurement

Segment operating revenues and pretax adjusted operating earnings are non-GAAP financial measures that management believes are critical to the evaluation of the financial performance of the Company's segments. The Company uses the same accounting policies and procedures to measure segment pretax adjusted operating earnings as used in its reporting of consolidated net income. Its primary measure is pretax adjusted operating earnings, which is defined as net income reported in accordance with U.S. GAAP, excluding certain items that may be highly variable from period to period due to accounting treatment under U.S. GAAP, or that are non-recurring in nature, as well as certain other revenues and expenses that are not considered drivers of underlying performance. Operating revenues and pretax adjusted operating earnings should not be used as a substitute for revenues and net income, respectively, as calculated in accordance with U.S. GAAP.

Pretax adjusted operating earnings equals net income adjusted to eliminate the impact of the items described in the following numbered paragraphs. These items are excluded from pretax adjusted operating earnings as they may vary significantly from period to period due to near-term market conditions and, therefore, are not directly comparable or reflective of the underlying performance of our business. We believe these exclusions provide investors a better picture of the drivers of our underlying performance.

1. *Net Hedging Results:* Comprised of: (i) fees attributed to guaranteed benefits; (ii) net gains (losses) on hedging instruments that includes: (a) changes in the fair value of freestanding derivatives, and related commissions and expenses, used to manage the risk associated with market risk benefits and other benefit features, excluding earned income from periodic settlements and changes in settlement accruals on cross-currency swaps; and (b) investment income and change in fair value of certain non-derivative assets used to manage the risk associated with market risk benefits and other benefit features; and (iii) the movements in reserves, market risk benefits, benefit features accounted for as embedded derivative instruments adjusted to exclude the cost of hedging for certain indexed annuity products, and related claims and benefit payments (excluding impacts of actuarial assumption updates and model enhancements). We believe excluding these items removes the impact to both revenue and related expenses associated with Net Hedging Results.
2. *Amortization of DAC Associated with Non-operating Items at Date of Transition to LDTI:* Amortization of the balance of unamortized deferred acquisition costs ("DAC"), at January 1, 2021, the date of transition to current Long Duration Targeted Improvements ("LDTI") accounting guidance, associated with items excluded from pretax adjusted operating earnings prior to transition.
3. *Actuarial Assumption Updates and Model Enhancements:* The impact on the valuation of market risk benefits and embedded derivatives arising from our annual actuarial assumption updates and model enhancements review.
4. *Net Realized Investment Gains and Losses:* Comprised of: (i) realized investment gains and losses associated with the periodic sales or disposals of securities, excluding those held within our trading portfolio; (ii) impairments of securities, after adjustment for the non-credit component of the impairment charges; and (iii) foreign currency gain or loss on foreign denominated funding agreements and associated cross-currency swaps.
5. *Change in Value of Funds Withheld Embedded Derivative and Net Investment Income on Funds Withheld Assets:* Comprised of: (i) the change in fair value of funds withheld embedded derivatives; and (ii) net investment income on funds withheld assets related to funds withheld reinsurance transactions.
6. *Other Items:* Comprised of: (i) the impact of investments that are consolidated in our financial statements due to U.S. GAAP accounting requirements, such as our investments in collateralized loan obligations ("CLOs"), but for which the consolidation effects are not consistent with our economic interest or exposure to those entities; (ii) impacts from derivatives not included in Net Hedging Results or Net Realized Investment Gains or Losses (see 1. and 4. above), excluding earned income from periodic settlements and changes in settlement accruals on cross-currency swaps; (iii) investment income (loss) related to mark-to-market on TPG Inc. ("TPG") shares, which are subject to certain sales restrictions; and (iv) one-time or other non-recurring items.
7. *Income Taxes.*

Set forth in the tables below is certain information with respect to the Company's segments (in millions):

Three Months Ended June 30, 2026	Retail Annuities	Institutional Products	Closed Life and Annuity Blocks	Corporate and Other	Total Consolidated
Operating Revenues					
Fee income	\$ 1,140	\$ —	\$ 102	\$ 10	\$ 1,252
Premiums	18	—	22	—	40
Net investment income	388	140	140	27	695
Other income (loss)	7	—	5	6	18
Total Operating Revenues	1,553	140	269	43	2,005
Operating Benefits and Expenses					
Death, other policy benefits and change in policy reserves, net of deferrals	30	—	135	—	165
(Gain) loss from updating future policy benefits cash flow assumptions, net	—	—	20	—	20
Interest credited	130	109	86	—	325
Interest expense	5	—	—	22	27
Asset-based commission expenses	298	—	—	—	298
Other commission expenses	345	—	8	—	353
Sub-advisor expenses	74	—	—	(1)	73
General and administrative expenses	191	2	28	44	265
Deferral of acquisition costs	(302)	—	—	—	(302)
Amortization of deferred acquisition costs	161	—	2	—	163
Total Operating Benefits and Expenses	932	111	279	65	1,387
Pretax Adjusted Operating Earnings	\$ 621	\$ 29	\$ (10)	\$ (22)	\$ 618

Three Months Ended June 30, 2025	Retail Annuities	Institutional Products	Closed Life and Annuity Blocks	Corporate and Other	Total Consolidated
Operating Revenues					
Fee income	\$ 1,059	\$ —	\$ 107	\$ 10	\$ 1,176
Premiums	20	—	21	—	41
Net investment income	204	125	181	8	518
Other income	7	—	5	4	16
Total Operating Revenues	1,290	125	314	22	1,751
Operating Benefits and Expenses					
Death, other policy benefits and change in policy reserves, net of deferrals	33	—	154	—	187
(Gain) loss from updating future policy benefits cash flow assumptions, net	(1)	—	11	—	10
Interest credited	101	104	90	—	295
Interest expense	5	—	—	20	25
Asset-based commission expenses	273	—	—	—	273
Other commission expenses	235	—	8	—	243
Sub-advisor expenses	78	—	—	(2)	76
General and administrative expenses	189	2	27	56	274
Deferral of acquisition costs	(185)	—	—	—	(185)
Amortization of deferred acquisition costs	145	—	2	—	147
Total Operating Benefits and Expenses	873	106	292	74	1,345
Pretax Adjusted Operating Earnings	\$ 417	\$ 19	\$ 22	\$ (52)	\$ 406

Six Months Ended June 30, 2026	Retail Annuities	Institutional Products	Closed Life and Annuity Blocks	Corporate and Other	Total Consolidated
Operating Revenues					
Fee income	\$ 2,251	\$ —	\$ 205	\$ 21	\$ 2,477
Premiums	23	—	47	—	70
Net investment income	708	283	286	35	1,312
Other income (loss)	13	—	11	6	30
Total Operating Revenues	2,995	283	549	62	3,889
Operating Benefits and Expenses					
Death, other policy benefits and change in policy reserves, net of deferrals	60	—	306	—	366
(Gain) loss from updating future policy benefits cash flow assumptions, net	(1)	—	36	—	35
Interest credited	248	223	172	—	643
Interest expense	11	—	—	41	52
Asset-based commission expenses	593	—	—	—	593
Other commission expenses	660	—	15	—	675
Sub-advisor expenses	150	—	—	(3)	147
General and administrative expenses	423	3	55	83	564
Deferral of acquisition costs	(557)	—	—	—	(557)
Amortization of deferred acquisition costs	319	—	4	—	323
Total Operating Benefits and Expenses	1,906	226	588	121	2,841
Pretax Adjusted Operating Earnings	\$ 1,089	\$ 57	\$ (39)	\$ (59)	\$ 1,048

Six Months Ended June 30, 2025	Retail Annuities	Institutional Products	Closed Life and Annuity Blocks	Corporate and Other	Total Consolidated
Operating Revenues					
Fee income	\$ 2,154	\$ —	\$ 215	\$ 22	\$ 2,391
Premiums	34	—	50	—	84
Net investment income	391	241	368	19	1,019
Other income	14	—	11	5	30
Total Operating Revenues	2,593	241	644	46	3,524
Operating Benefits and Expenses					
Death, other policy benefits and change in policy reserves, net of deferrals	62	—	308	—	370
(Gain) loss from updating future policy benefits cash flow assumptions, net	(4)	—	25	—	21
Interest credited	195	201	187	—	583
Interest expense	11	—	—	39	50
Asset-based commission expenses	557	—	—	—	557
Other commission expenses	441	—	17	—	458
Sub-advisor expenses	158	—	—	(4)	154
General and administrative expenses	389	3	54	87	533
Deferral of acquisition costs	(343)	—	(1)	—	(344)
Amortization of deferred acquisition costs	290	—	4	—	294
Total Operating Benefits and Expenses	1,756	204	594	122	2,676
Pretax Adjusted Operating Earnings	\$ 837	\$ 37	\$ 50	\$ (76)	\$ 848

Intersegment eliminations in the above tables are included in the Corporate and Other segment. These include the elimination of investment income between Retail Annuities and the Corporate and Other segments, as well as the elimination from fee income and investment income of investment fees paid by Jackson Financial and its subsidiaries to PPM, which were \$28 million and \$23 million for the three months ended June 30, 2026 and 2025, respectively, and \$55 million and \$44 million for the six months ended June 30, 2026 and 2025, respectively.

The following table summarizes the reconciling items from the non-GAAP measure of total operating revenues to the U.S. GAAP measure of total revenues attributable to the Company (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total operating revenues	\$ 2,005	\$ 1,751	\$ 3,889	\$ 3,524
Fees attributed to guarantee benefit reserves	714	764	1,485	1,532
Net gains (losses) on hedging instruments and investments	(2,773)	(3,208)	(2,653)	(2,226)
Investment income (loss) related to mark-to-market on TPG shares	—	—	(58)	—
Net investment income (loss) related to noncontrolling interests	5	6	9	12
Consolidated investments	16	(11)	(2)	(17)
Net investment income on funds withheld assets	201	227	400	454
Total revenues ⁽¹⁾	\$ 168	\$ (471)	\$ 3,070	\$ 3,279

⁽¹⁾ Substantially all the Company's revenues originated in the U.S. There were no customers that, individually, generated revenues that exceeded 10% of total revenues attributable to the Company.

The following table summarizes the reconciling items from the non-GAAP measure of total operating benefits and expenses to the U.S. GAAP measure of total benefits and expenses attributable to the Company (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Total operating benefits and expenses	\$ 1,387	\$ 1,345	\$ 2,841	\$ 2,676
Net (gain) loss on market risk benefits	(2,053)	(2,203)	(383)	43
Benefits attributed to guaranteed benefit features	56	71	116	133
Amortization of DAC related to non-operating revenues and expenses	118	127	239	255
Cost of hedging	(5)	—	(8)	—
Total benefits and expenses	\$ (497)	\$ (660)	\$ 2,805	\$ 3,107

The following table summarizes the reconciling items, from the non-GAAP measure of pretax adjusted operating earnings to the U.S. GAAP measure of net income attributable to the Company (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Pretax adjusted operating earnings	\$ 618	\$ 406	\$ 1,048	\$ 848
Pre-tax reconciling items from adjusted operating income to net income (loss) attributable to Jackson Financial Inc.:				
Fees attributable to guarantee benefit reserves	714	764	1,485	1,532
Net gains (losses) on hedging instruments	176	(1,840)	(284)	(829)
Market risk benefits gains (losses), net	2,053	2,203	383	(43)
Net reserve and embedded derivative movements	(2,671)	(1,066)	(1,964)	(733)
Total net hedging results	272	61	(380)	(73)
Amortization of DAC associated with non-operating items at date of transition to LDTI	(118)	(127)	(239)	(255)
Net realized investment gains (losses)	(27)	30	(69)	(36)
Net realized investment gains (losses) on funds withheld assets	(297)	(327)	(456)	(715)
Net investment income on funds withheld assets	201	227	400	454
Other items	11	(87)	(48)	(63)
Pretax income (loss) attributable to Jackson Financial Inc.	660	183	256	160
Income tax expense (benefit)	5	4	25	5
Net income (loss) attributable to Jackson Financial Inc.	655	179	231	155
Less: Dividends on preferred stock	11	11	22	22
Net income (loss) attributable to Jackson Financial Inc. common shareholders	\$ 644	\$ 168	\$ 209	\$ 133

The following table summarizes total assets by segment (in millions):

	June 30, 2026	December 31, 2025
Retail Annuities	\$ 320,443	\$ 307,225
Closed Life and Annuity Blocks	26,857	26,988
Institutional Products	13,126	12,869
Corporate and Other	6,639	5,504
Total Assets	\$ 367,065	\$ 352,586

4. Investments

Investments consist primarily of fixed-income securities and loans, principally publicly-traded corporate and government bonds, asset-backed securities and mortgage loans. Asset-backed securities include mortgage-backed and other structured securities. The Company generates the majority of its general account deposits from interest-sensitive individual annuity contracts, life insurance products and institutional products on which it has committed to pay a declared rate of interest. The Company's strategy of investing in fixed-income securities and loans seeks to match the asset yield with the amounts credited to the interest-sensitive liabilities and to earn a stable return on its investments.

Long-term Strategic Partnership with TPG

During the first quarter of 2026, Jackson entered a long-term strategic partnership with TPG, combining Jackson's annuity product expertise and broad distribution network with TPG's private credit platform. The partnership aims to expand Jackson's spread-based product sales.

At the closing in February 2026, subsidiaries and affiliates of Jackson Financial and TPG entered into non-exclusive investment management arrangements with a 10-year initial term with automatic one-year renewals through year 15 (subject to various termination rights), with TPG providing Investment Grade Asset-Based Finance and Direct Lending investment capabilities to complement the asset management capabilities of PPM America, Inc. ("PPM"), a Jackson Financial subsidiary. The arrangement contemplates certain target AUM levels over time and related investment management fees (including a baseline minimum fee payment), subject to exceptions, that the Company is committed to pay during the term of the arrangements and any applicable wind-down period. PPM continues to manage the majority of Jackson's general account and both Jackson and PPM retain oversight of Jackson's investment portfolio.

TPG also acquired a \$500 million equity stake in Jackson Financial. *See Note 19 - Equity of these Notes to Condensed Consolidated Financial Statements for more information regarding the shares issued to TPG.* Additionally, TPG issued to a wholly-owned, indirect subsidiary of Jackson Financial \$150 million in TPG common shares, which was reported in equity securities, at fair value on the Condensed Consolidated Balance Sheets. Under the terms of the transaction, TPG and Jackson Financial have agreed to certain limitations on their ability to divest their respective ownership stakes over time.

Debt Securities

The following table sets forth the composition of the fair value of debt securities at June 30, 2026, and December 31, 2025, classified by rating categories as assigned by a nationally recognized statistical rating organization (a "rating agency"), National Association of Insurance Commissioners (the "NAIC") or, if not rated by such organizations, the Company's investment advisors. The Company uses the second lowest rating by a rating agency when rating agencies' ratings are not equivalent and, for purposes of the table, if not otherwise rated by a rating agency, the NAIC rating of a security is converted to an equivalent rating agency rating. At June 30, 2026 and December 31, 2025, the carrying value of investments rated by the Company's consolidated investment advisor totaled \$893 million and \$606 million, respectively.

Investment Rating	Percent of Total Debt Securities Carrying Value	
	June 30, 2026	December 31, 2025
U.S. government securities	6.2%	5.9%
AAA	4.6%	5.0%
AA	9.4%	9.5%
A	32.6%	32.2%
BBB	41.3%	40.9%
Investment grade	94.1%	93.5%
BB	2.3%	2.5%
B and below	3.6%	4.0%
Below investment grade	5.9%	6.5%
Total debt securities	100.0%	100.0%

At June 30, 2026 and December 31, 2025, the total carrying value of debt securities in an unrealized loss position consisted of:

	June 30, 2026	December 31, 2025
Investment grade securities	78%	78%
Below investment grade securities	1%	1%
Not rated securities	21%	21%

Unrealized losses on debt securities that were below investment grade or not rated were approximately 18% and 19% of the aggregate gross unrealized losses on available-for-sale debt securities at June 30, 2026 and December 31, 2025, respectively.

Corporate securities in an unrealized loss position were diversified across industries. As of June 30, 2026, the industries accounting for the largest percentage of unrealized losses included utility (19% of corporate gross unrealized losses) and healthcare (13%). The largest unrealized loss related to a single corporate obligor was \$56 million at June 30, 2026. As of December 31, 2025, the industries accounting for the largest percentage of unrealized losses included utility (18% of corporate gross unrealized losses) and financial services (13%). The largest unrealized loss related to a single corporate obligor was \$55 million at December 31, 2025.

At June 30, 2026 and December 31, 2025, the amortized cost, allowance for credit loss ("ACL"), gross unrealized gains and losses, and fair value of debt securities, including trading securities and securities carried at fair value under the fair value option, were as follows (in millions):

June 30, 2026	Amortized Cost ⁽¹⁾	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	\$ 4,335	\$ —	\$ —	\$ 866	\$ 3,469
Other government securities	1,288	—	8	184	1,112
Public utilities	7,155	—	47	504	6,698
Corporate securities	36,891	5	236	2,141	34,981
Residential mortgage-backed	456	1	20	29	446
Commercial mortgage-backed	2,087	—	4	62	2,029
Other asset-backed securities	7,137	18	16	128	7,007
Total debt securities	<u>\$ 59,349</u>	<u>\$ 24</u>	<u>\$ 331</u>	<u>\$ 3,914</u>	<u>\$ 55,742</u>

December 31, 2025	Amortized Cost ⁽¹⁾	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	\$ 3,854	\$ —	\$ 2	\$ 851	\$ 3,005
Other government securities	1,254	—	4	193	1,065
Public utilities	6,529	—	75	458	6,146
Corporate securities	34,515	—	443	2,042	32,916
Residential mortgage-backed	445	4	24	23	442
Commercial mortgage-backed	1,873	—	10	54	1,829
Other asset-backed securities	5,491	7	34	130	5,388
Total debt securities	<u>\$ 53,961</u>	<u>\$ 11</u>	<u>\$ 592</u>	<u>\$ 3,751</u>	<u>\$ 50,791</u>

⁽¹⁾ Amortized cost, apart from the carrying value for securities carried at fair value under the fair value option and trading securities.

The amortized cost, ACL, gross unrealized gains and losses, and fair value of debt securities at June 30, 2026, by contractual maturity, are shown below (in millions). Actual maturities may differ from contractual maturities where securities can be called or prepaid with or without early redemption penalties.

	Amortized Cost ⁽¹⁾	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Due in 1 year or less	\$ 2,396	\$ —	\$ 2	\$ 7	\$ 2,391
Due after 1 year through 5 years	14,867	—	84	390	14,561
Due after 5 years through 10 years	14,854	—	136	362	14,628
Due after 10 years through 20 years	9,869	5	50	1,388	8,526
Due after 20 years	7,683	—	19	1,548	6,154
Residential mortgage-backed	456	1	20	29	446
Commercial mortgage-backed	2,087	—	4	62	2,029
Other asset-backed securities	7,137	18	16	128	7,007
Total	<u>\$ 59,349</u>	<u>\$ 24</u>	<u>\$ 331</u>	<u>\$ 3,914</u>	<u>\$ 55,742</u>

⁽¹⁾ Amortized cost, apart from the carrying value for securities carried at fair value under the fair value option and trading securities.

As required by law in various states in which business is conducted, securities with a carrying value of \$56 million and \$57 million at June 30, 2026 and December 31, 2025, respectively, were on deposit with regulatory authorities.

Residential mortgage-backed securities (“RMBS”) include certain RMBS that are collateralized by residential mortgage loans and are neither expressly nor implicitly guaranteed by U.S. government agencies (“non-agency RMBS”). The Company’s non-agency RMBS include investments in securities backed by prime, Alt-A, and subprime loans, as follows (in millions):

	Amortized Cost ⁽¹⁾	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2026					
Prime	\$ 250	\$ 1	\$ 2	\$ 16	\$ 235
Alt-A	18	—	13	4	27
Subprime	37	—	4	—	41
Total non-agency RMBS	<u>\$ 305</u>	<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ 20</u>	<u>\$ 303</u>
	Amortized Cost ⁽¹⁾	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2025					
Prime	\$ 280	\$ 2	\$ 3	\$ 13	\$ 268
Alt-A	23	2	16	2	35
Subprime	7	—	4	—	11
Total non-agency RMBS	<u>\$ 310</u>	<u>\$ 4</u>	<u>\$ 23</u>	<u>\$ 15</u>	<u>\$ 314</u>

⁽¹⁾ Amortized cost, apart from carrying value for securities carried at fair value under the fair value option and trading securities.

The Company defines its exposure to non-agency RMBS as follows:

- Prime loan-backed securities are collateralized by mortgage loans made to the highest rated borrowers;
- Alt-A loan-backed securities are collateralized by mortgage loans made to borrowers who lack credit documentation or necessary requirements to obtain prime borrower rates; and
- Subprime loan-backed securities are collateralized by mortgage loans made to borrowers with a FICO score of 660 or lower.

Unrealized Losses on Debt Securities

For debt securities in an unrealized loss position, management first assesses whether the Company has the intent to sell, or whether it is more likely than not it will be required to sell, the security before the amortized cost basis is fully recovered. If either criterion is met, the amortized cost is written down to fair value through net gains (losses) on derivatives and investments as an impairment. If neither criterion is met, the securities are further evaluated to determine if the cause of the decline in fair value resulted from credit losses or other factors, such as estimates about issuer operations and future earnings potential.

There are inherent uncertainties in assessing the fair values assigned to the Company's investments. The Company's reviews of net present value and fair value involve several criteria including economic conditions, credit loss experience, other issuer-specific developments and estimated future cash flows. These assessments are based on the best available information at the time. Factors such as market liquidity, the widening of bid/ask spreads and a change in cash flow assumptions can contribute to future price volatility. If actual experience differs negatively from the assumptions and other considerations used in the Condensed Consolidated Financial Statements, unrealized losses currently reported in accumulated other comprehensive income (loss) may be recognized in the consolidated income statements in future periods.

The Company currently has no intent to sell securities with unrealized losses considered to be temporary until they mature or recover in value and believes that it has the ability to do so. However, if the specific facts and circumstances surrounding an individual security, or the outlook for its industry sector change, the Company may sell the security prior to its maturity or recovery and realize a loss.

When all, or a portion, of a security is deemed uncollectible, the uncollectible portion is written off with an adjustment to amortized cost and a corresponding reduction to the allowance for credit losses.

Accrued interest receivables are presented separate from the amortized cost basis of debt securities. Accrued interest receivables that are determined to be uncollectible are written off with a corresponding reduction to net investment income. Accrued interest written off was \$2 million and \$3 million for the three and six months ended June 30, 2026, and \$1 million for the three and six months ended June 30, 2025.

The following table summarizes the gross unrealized losses of debt securities, fair value, and number of securities, aggregated by investment category and length of time that individual debt securities have been in a continuous loss position (dollars in millions):

	June 30, 2026			December 31, 2025		
	Less than 12 months			Less than 12 months		
	Gross Unrealized Losses	Fair Value	# of securities	Gross Unrealized Losses	Fair Value	# of securities
U.S. government securities	\$ 5	\$ 365	28	\$ 2	\$ 68	16
Other government securities	2	97	27	1	48	7
Public utilities	20	1,458	146	7	419	44
Corporate securities	127	9,619	966	44	2,300	240
Residential mortgage-backed	8	138	73	2	43	21
Commercial mortgage-backed	6	660	79	2	163	30
Other asset-backed securities	26	2,474	175	16	673	69
Total temporarily impaired securities	<u>\$ 194</u>	<u>\$ 14,811</u>	<u>1,494</u>	<u>\$ 74</u>	<u>\$ 3,714</u>	<u>427</u>
	12 months or longer			12 months or longer		
	Gross Unrealized Losses	Fair Value	# of securities	Gross Unrealized Losses	Fair Value	# of securities
U.S. government securities	\$ 861	\$ 2,239	20	\$ 849	\$ 2,263	20
Other government securities	182	777	97	192	887	107
Public utilities	484	3,176	390	451	3,383	415
Corporate securities	2,014	10,601	1,361	1,998	12,130	1,502
Residential mortgage-backed	21	134	145	21	172	166
Commercial mortgage-backed	56	739	109	52	801	117
Other asset-backed securities	102	1,083	135	114	1,249	147
Total temporarily impaired securities	<u>\$ 3,720</u>	<u>\$ 18,749</u>	<u>2,257</u>	<u>\$ 3,677</u>	<u>\$ 20,885</u>	<u>2,474</u>
	Total			Total		
	Gross Unrealized Losses	Fair Value	# of securities ⁽¹⁾	Gross Unrealized Losses	Fair Value	# of securities ⁽¹⁾
U.S. government securities	\$ 866	\$ 2,604	43	\$ 851	\$ 2,331	31
Other government securities	184	874	122	193	935	113
Public utilities	504	4,634	520	458	3,802	454
Corporate securities	2,141	20,220	2,224	2,042	14,430	1,706
Residential mortgage-backed	29	272	217	23	215	187
Commercial mortgage-backed	62	1,399	180	54	964	146
Other asset-backed securities	128	3,557	306	130	1,922	211
Total temporarily impaired securities	<u>\$ 3,914</u>	<u>\$ 33,560</u>	<u>3,612</u>	<u>\$ 3,751</u>	<u>\$ 24,599</u>	<u>2,848</u>

⁽¹⁾ Certain securities contain multiple lots and fit the criteria of both aging groups.

Debt securities in an unrealized loss position as of June 30, 2026, did not require an impairment recognized in earnings as (i) the Company did not intend to sell these debt securities, (ii) it is not more likely than not that the Company will be required to sell these securities before recovery of their amortized cost basis, and (iii) the difference in the fair value compared to the amortized cost was due to factors other than credit loss. Based upon this evaluation, the Company believes it has the ability to generate adequate amounts of cash from normal operations to meet cash requirements with a reasonable margin of safety without requiring the sale of these securities.

As of June 30, 2026, unrealized losses associated with debt securities are primarily due to widening credit spreads or rising risk-free rates since purchase. As described below, the Company performed analyses of the financial performance of the underlying issues in an unrealized loss position and believes that recovery of the entire amortized cost of each such security is expected.

Evaluation of Available-for-Sale Debt Securities for Credit Loss

The credit loss evaluation for a debt security may consider one or more of the following:

- the extent to which the fair value is below amortized cost;
- changes in ratings;
- whether a significant covenant has been breached;
- assessments of the issuer's ability to make scheduled debt payments based upon judgments related to its current and projected financial position, including whether it has filed or indicated a possibility of filing for bankruptcy, has missed or announced it intends to miss a scheduled debt service payment, or has experienced a specific material adverse change that may impair its creditworthiness;
- the existence of, and realizable value of, any collateral backing the obligations;
- the macro-economic and micro-economic outlooks for the issuer and its industry;
- for asset-backed securities: includes an assessment of future estimated cash flows under expected and stress case scenarios to identify potential shortfalls in contractual payments. These estimated cash flows are developed using available performance indicators from the underlying assets, such as current and projected default or delinquency rates, levels of credit enhancement, current subordination levels, vintage, expected loss severity and other relevant characteristics; and
- for mortgage-backed securities, credit losses are assessed using a cash flow model that estimates the cash flows on the underlying mortgages, using the security-specific collateral characteristics and transaction structure. The model estimates cash flows from the underlying mortgage loans and distributes those cash flows to various tranches of securities based on the transaction structure and any existing subordination and credit enhancements. The cash flow model incorporates actual cash flows on the mortgage-backed securities through the current period and then projects the remaining cash flows using a number of assumptions, including prepayment timing, default rates and loss severity. Specifically, for prime and Alt-A RMBS, the assumed default percentage is dependent on the severity of delinquency status, with foreclosures and real estate owned receiving higher rates, but also includes the currently performing loans.

These estimates reflect a combination of data derived by third parties and internally developed assumptions. Where possible, this data is benchmarked against other third-party sources. In addition, these estimates are extrapolated along a default timing curve to estimate the total lifetime pool default rate. When a credit loss is determined to exist and the present value of cash flows expected to be collected is less than the amortized cost of the security, an allowance for credit loss is recorded along with a charge to net gains (losses) on derivatives and investments, limited by the amount that the fair value is less than amortized cost. Any remaining unrealized loss after recording the allowance for credit loss is the non-credit amount and is recorded to other comprehensive income.

The allowance for credit loss for specific debt securities may be increased or reversed in subsequent periods due to changes in the assessment of the present value of cash flows that are expected to be collected. Any changes to the allowance for credit loss are recorded as a provision for (or reversal of) credit loss expense in net gains (losses) on derivatives and investments.

The roll-forward of the allowance for credit loss for available-for-sale securities by sector is as follows (in millions):

Three Months Ended June 30, 2026	US government securities	Other government securities	Public utilities	Corporate securities	Residential mortgage- backed	Commercial mortgage- backed	Other asset- backed securities	Total
Balance at April 1, 2026	\$ —	\$ —	\$ —	\$ 6	\$ 1	\$ —	\$ 10	\$ 17
Additions for which credit loss was not previously recorded	—	—	—	—	—	—	—	—
Changes for securities with previously recorded credit loss	—	—	—	(1)	—	—	8	7
Additions for purchases of PCD debt securities ⁽¹⁾	—	—	—	—	—	—	—	—
Reductions from charge-offs	—	—	—	—	—	—	—	—
Reductions for securities disposed	—	—	—	—	—	—	—	—
Securities intended/required to be sold before recovery of amortized cost basis	—	—	—	—	—	—	—	—
Balance at June 30, 2026 ⁽²⁾	\$ —	\$ —	\$ —	\$ 5	\$ 1	\$ —	\$ 18	\$ 24

Three Months Ended June 30, 2025	US government securities	Other government securities	Public utilities	Corporate securities	Residential mortgage- backed	Commercial mortgage- backed	Other asset- backed securities	Total
Balance at April 1, 2025	\$ —	\$ —	\$ —	\$ 8	\$ 6	\$ —	\$ 26	\$ 40
Additions for which credit loss was not previously recorded	—	—	—	—	—	—	—	—
Changes for securities with previously recorded credit loss	—	—	—	—	—	—	27	27
Additions for purchases of PCD debt securities ⁽¹⁾	—	—	—	—	—	—	—	—
Reductions from charge-offs	—	—	—	—	—	—	(53)	(53)
Reductions for securities disposed	—	—	—	—	(2)	—	—	(2)
Securities intended/required to be sold before recovery of amortized cost basis	—	—	—	—	—	—	—	—
Balance at June 30, 2025 ⁽²⁾	\$ —	\$ —	\$ —	\$ 8	\$ 4	\$ —	\$ —	\$ 12

Six Months Ended June 30, 2026	US government securities	Other government securities	Public utilities	Corporate securities	Residential mortgage- backed	Commercial mortgage- backed	Other asset- backed securities	Total
Balance at January 1, 2026	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ —	\$ 7	\$ 11
Additions for which credit loss was not previously recorded	—	—	—	6	—	—	—	6
Changes for securities with previously recorded credit loss	—	—	—	(1)	(1)	—	36	34
Additions for purchases of PCD debt securities ⁽¹⁾	—	—	—	—	—	—	—	—
Reductions from charge-offs	—	—	—	—	—	—	(18)	(18)
Reductions for securities disposed	—	—	—	—	(2)	—	(7)	(9)
Securities intended/required to be sold before recovery of amortized cost basis	—	—	—	—	—	—	—	—
Balance at June 30, 2026 ⁽²⁾	\$ —	\$ —	\$ —	\$ 5	\$ 1	\$ —	\$ 18	\$ 24

Six Months Ended June 30, 2025	US government securities	Other government securities	Public utilities	Corporate securities	Residential mortgage- backed	Commercial mortgage- backed	Other asset- backed securities	Total
Balance at January 1, 2025	\$ —	\$ —	\$ —	\$ 8	\$ 6	\$ —	\$ 25	\$ 39
Additions for which credit loss was not previously recorded	—	—	—	—	—	1	—	1
Changes for securities with previously recorded credit loss	—	—	—	—	—	—	28	28
Additions for purchases of PCD debt securities ⁽¹⁾	—	—	—	—	—	—	—	—
Reductions from charge-offs	—	—	—	—	—	—	(53)	(53)
Reductions for securities disposed	—	—	—	—	(2)	—	—	(2)
Securities intended/required to be sold before recovery of amortized cost basis	—	—	—	—	—	(1)	—	(1)
Balance at June 30, 2025 ⁽²⁾	\$ —	\$ —	\$ —	\$ 8	\$ 4	\$ —	\$ —	\$ 12

⁽¹⁾ Represents purchased credit-deteriorated ("PCD") fixed maturity available-for-sale securities.

⁽²⁾ Accrued interest receivable on debt securities totaled \$564 million and \$469 million as of June 30, 2026 and 2025, respectively, and was excluded from the determination of credit losses for the three and six months ended June 30, 2026 and 2025.

Net Investment Income

The sources of net investment income were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Debt securities ⁽¹⁾	\$ 618	\$ 415	\$ 1,090	\$ 846
Equity securities ⁽²⁾	8	5	(51)	6
Mortgage loans	104	88	203	171
Policy loans	14	16	30	33
Limited partnerships	28	22	47	60
Other investment income	58	54	115	106
Total investment income excluding funds withheld assets	830	600	1,434	1,222
Investment expenses ⁽³⁾	(103)	(109)	(166)	(203)
Net investment income excluding funds withheld assets	727	491	1,268	1,019
Net investment income on funds withheld assets (see Note 8)	201	227	400	454
Net investment income	\$ 928	\$ 718	\$ 1,668	\$ 1,473

⁽¹⁾ Includes changes in fair value gains (losses) on trading securities and includes \$26 million and \$(46) million for the three and six months ended June 30, 2026, respectively, and \$(64) million and \$(74) million for the three and six months ended June 30, 2025, respectively, related to the change in fair value for securities carried under the fair value option.

⁽²⁾ Includes changes in fair value of TPG common stock. *See discussion above on our Long-term Strategic Partnership with TPG.*

⁽³⁾ Includes expenses from consolidated variable interest entities, which includes changes in fair value of notes issued by those entities, of \$(56) million and \$(72) million for the three and six months ended June 30, 2026, respectively, and \$(42) million and \$(74) million for the three and six months ended June 30, 2025, respectively.

Unrealized gains (losses) included in investment income that were recognized on equity securities held were \$6 million and \$4 million for the three months ended June 30, 2026 and 2025, respectively, and \$(58) million and \$2 million for the six months ended June 30, 2026 and 2025, respectively.

Net Gains (Losses) on Derivatives and Investments

The following table summarizes net gains (losses) on derivatives and investments (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Available-for-sale securities				
Realized gains on sale	\$ 4	\$ 4	\$ 11	\$ 7
Realized losses on sale	(10)	(11)	(19)	(23)
Credit loss income (expense)	(8)	—	(16)	—
Credit loss income (expense) on mortgage loans	(20)	(10)	(46)	(21)
Other ⁽¹⁾	13	(92)	2	(138)
Net gains (losses) excluding derivatives and funds withheld assets	(21)	(109)	(68)	(175)
Net gains (losses) on derivative instruments (see Note 5)	(2,466)	(2,751)	(2,136)	(1,342)
Net gains (losses) on derivatives and investments	(2,487)	(2,860)	(2,204)	(1,517)
Net gains (losses) on funds withheld reinsurance treaties (see Note 8)	(297)	(327)	(456)	(715)
Total net gains (losses) on derivatives and investments	<u>\$ (2,784)</u>	<u>\$ (3,187)</u>	<u>\$ (2,660)</u>	<u>\$ (2,232)</u>

⁽¹⁾ Includes the foreign currency gain or loss related to foreign denominated trust instruments supporting funding agreements.

Net gains (losses) on funds withheld reinsurance treaties represents income (loss) from the sale of investments held in segregated funds withheld accounts in support of reinsurance agreements for which Jackson retains legal ownership of the underlying investments. These gains (losses) are increased or decreased by:

- changes in the embedded derivative liability related to the Athene Life Re Ltd. ("Athene") funds withheld coinsurance agreement (the "Athene Reinsurance Transaction"),
- changes in the related funds withheld payable, as all economic performance of the investments held in the segregated accounts inure to the benefit of the reinsurers under the respective reinsurance agreements, and
- amortization of the difference between book value and fair value of the investments as of the effective date of the reinsurance agreements.

The aggregate fair value of securities sold at a loss for the three and six months ended June 30, 2026 was \$935 million and \$1.2 billion, which was approximately 94% and 94% of book value, respectively. The aggregate fair value of securities sold at a loss for the three and six months ended June 30, 2025 was \$589 million and \$1.3 billion, which was approximately 95% and 95% of book value, respectively.

Proceeds from sales of available-for-sale debt securities were \$1.2 billion and \$1.8 billion during the three and six months ended June 30, 2026, respectively, and \$849 million and \$1.8 billion during the three and six months ended June 30, 2025, respectively.

Consolidated Variable Interest Entities ("VIEs")

The Company concluded that the following entities are VIEs and that the Company is the primary beneficiary as it has both the power to direct the most significant activities of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In each case, the Company's exposure to loss is limited to the capital invested plus unfunded capital commitments. Creditors of the consolidated VIEs do not have recourse to the general credit of the Company:

- The Company funds affiliated LLCs to facilitate the issuance of collateralized loan obligations ("CLOs"). These LLCs are consolidated on a one-month lag due to the timing of when information is available from the VIE.

- Private Equity Funds VIII – IX and Strategic Opportunity Fund I are limited partnership structures that invest the ownership capital in portfolios of various other limited partnership structures. Private Equity Fund IX was funded in August 2025 and Strategic Opportunity Fund I was funded in June 2025. The consolidation of Private Equity Fund IX and Strategic Opportunity Fund I are on a one-quarter lag due to the timing of when information is available from the VIE.
- PPM Investment Grade Private Credit Fund is a private fund organized as a series of a Delaware LLC that invests primarily in fixed rate, privately issued, investment grade instruments. The series was funded in January 2026. This fund is consolidated on a one-month lag due to the timing of when information is available from the VIE.
- Panther Investments I, LP was funded in May 2026. The Fund is a rated note feeder fund that utilizes a master fund limited partnership to invest primarily in secured loans to North American lower middle market companies. This Fund is consolidated on a one-quarter lag due to the timing of when information is available from the VIE.

Asset and liability information for the consolidated VIEs included on the Condensed Consolidated Balance Sheets is as follows (in millions):

	June 30, 2026	December 31, 2025
Assets		
Debt securities, at fair value under fair value option	\$ 2,648	\$ 2,698
Equity securities	9	6
Other invested assets	1,255	979
Cash and cash equivalents	114	154
Other assets	43	51
Total assets	<u>\$ 4,069</u>	<u>\$ 3,888</u>
Liabilities		
Notes issued by consolidated VIEs, at fair value under fair value option	\$ 2,474	\$ 2,578
Other liabilities	184	258
Total other liabilities	<u>2,658</u>	<u>2,836</u>
Total liabilities	<u>\$ 2,658</u>	<u>\$ 2,836</u>
Equity		
Noncontrolling interests	\$ 512	\$ 389

Unconsolidated VIEs

The Company has concluded the following entities are VIEs but does not consolidate them. Based on analysis of the limited partnerships ("LPs"), LLCs and the mutual funds, the Company is not the primary beneficiary of each VIE because the Company lacks the power to direct the activities of the VIE that most significantly impact the VIE's performance or lacks the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entities, or lacks both.

- The carrying amounts of the Company's investments in certain LPs and LLCs are recognized in other invested assets on the Condensed Consolidated Balance Sheets. Unfunded capital commitments for these investments are detailed in Note 16 of these Notes to Condensed Consolidated Financial Statements. The Company's exposure to loss was limited to \$3,036 million and \$2,709 million as of June 30, 2026 and December 31, 2025, respectively, representing the aggregate capital invested and unfunded capital commitments related to the LPs and LLCs at those dates. The capital invested in an LP or LLC equals the original capital contributed, increased for additional capital contributed after the initial investment, and reduced for any returns of capital from the LP or LLC. LPs and LLCs are carried at fair value.

- The Company's investments in certain mutual funds are recognized in equity securities on the Condensed Consolidated Balance Sheets and were \$51 million and \$21 million as of June 30, 2026 and December 31, 2025, respectively. The Company's maximum exposure to loss on these mutual funds is limited to the amortized cost for these investments.

The Company makes investments in structured debt securities issued by VIEs for which it is not the manager. These structured debt securities include RMBS, Commercial Mortgage-Backed Securities ("CMBS"), and Asset-Backed Securities ("ABS"). The Company does not consolidate the securitization trusts utilized in these transactions because it does not have the power to direct the activities that most significantly impact the economic performance of these securitization trusts. The Company does not consider its continuing involvement with these VIEs to be significant because it either invests in securities issued by the VIE and was not involved in the design of the VIE or no transfers have occurred between the Company and the VIE. The Company's maximum exposure to loss on these structured debt securities is limited to the amortized cost of these investments. The Company does not have any further contractual obligations to the VIE. The Company recognizes the variable interest in these VIEs at fair value on the Condensed Consolidated Balance Sheets.

Commercial and Residential Mortgage Loans

The following table shows commercial mortgage loans, residential mortgage loans, and the respective accrued interest thereon (in millions):

	June 30, 2026	December 31, 2025
Commercial mortgage loans ⁽¹⁾	\$ 9,538	\$ 8,957
Accrued interest receivable on commercial mortgage loans	38	34
Residential mortgage loans ⁽²⁾	1,471	1,254
Accrued interest receivable on residential mortgage loans	14	13

⁽¹⁾ Net of an allowance for credit losses of \$157 million and \$117 million at each date, respectively.

⁽²⁾ Net of an allowance for credit losses of \$19 million and \$16 million at each date, respectively.

At June 30, 2026, commercial mortgage loans were collateralized by properties located in 36 states, the District of Columbia, and Europe, while residential mortgage loans were collateralized by properties located in 48 states, the District of Columbia, Mexico, and Europe.

Evaluation for Credit Losses on Mortgage Loans

The Company reviews mortgage loans that are not carried at fair value under the fair value option on a quarterly basis to estimate the ACL with changes in the ACL recorded in net gains (losses) on derivatives and investments. Apart from an ACL recorded on individual mortgage loans where the borrower is experiencing financial difficulties, the Company records an ACL on the pool of mortgage loans based on lifetime expected credit losses. The Company utilizes a third-party forecasting model to estimate lifetime expected credit losses at a loan level for mortgage loans. The model forecasts net operating income and property values for the economic scenario selected. The debt service coverage ratios ("DSCR") and loan to values ("LTV") are calculated over the forecastable period by comparing the projected net operating income and property valuations to the loan payment and principal amounts of each loan. The model utilizes historical mortgage loan performance based on DSCRs and LTV to derive probability of default and expected losses based on the economic scenario that is similar to the Company's expectations of economic factors such as unemployment, gross domestic product growth, and interest rates. The Company determined the forecastable period to be reasonable and supportable for a period of two years beyond the end of the reporting period. Over the following one-year period, the model reverts to the historical performance of the portfolio for the remainder of the contractual term of the loans. In cases where the Company does not have an appropriate length of historical performance, the relevant historical rate from an index or the lifetime expected credit loss calculated from the model may be used.

Unfunded commitments are included in the model and an ACL is determined accordingly. Credit loss estimates are pooled by property type and the Company does not include accrued interest in the determination of ACL.

For individual loans or for types of loans for which the third-party model is deemed not suitable, the Company utilizes relevant current market data, industry data, and publicly available historical loss rates to calculate an estimate of the lifetime expected credit loss.

Mortgage loans on real estate deemed uncollectible are charged against the ACL, and subsequent recoveries, if any, are credited to the ACL, limited to the aggregate of amounts previously charged-off and expected to be charged-off. Mortgage loans on real estate are presented net of the ACL on the Condensed Consolidated Balance Sheets.

The following table provides the change in the allowance for credit losses in the Company's mortgage loan portfolios (in millions):

Three Months Ended June 30, 2026	Apartment	Hotel	Office	Retail	Warehouse	Other	Residential Mortgage	Total
Balance at April 1, 2026	\$ 23	\$ 4	\$ 56	\$ 30	\$ 23	\$ 1	\$ 22	\$ 159
Charge offs, net of recoveries	—	—	(5)	—	—	—	—	(5)
Reductions for mortgages disposed	—	—	—	—	—	—	—	—
Additions from purchase of PCD mortgage loans	—	—	—	—	—	—	—	—
Provision (release)	27	11	(20)	(4)	10	1	(3)	22
Balance at June 30, 2026 ^{(1) (2)}	\$ 50	\$ 15	\$ 31	\$ 26	\$ 33	\$ 2	\$ 19	\$ 176

Three Months Ended June 30, 2025	Apartment	Hotel	Office	Retail	Warehouse	Other	Residential Mortgage	Total
Balance at April 1, 2025	\$ 28	\$ 7	\$ 40	\$ 19	\$ 20	\$ 2	\$ 14	\$ 130
Charge offs, net of recoveries	—	—	—	—	—	—	—	—
Reductions for mortgages disposed	(1)	—	—	(1)	—	—	—	(2)
Additions from purchase of PCD mortgage loans	—	—	—	—	—	—	—	—
Provision (release)	(9)	3	2	6	6	—	1	9
Balance at June 30, 2025 ^{(1) (2)}	\$ 18	\$ 10	\$ 42	\$ 24	\$ 26	\$ 2	\$ 15	\$ 137

Six Months Ended June 30, 2026	Apartment	Hotel	Office	Retail	Warehouse	Other	Residential Mortgage	Total
Balance at January 1, 2026	\$ 32	\$ 11	\$ 28	\$ 17	\$ 27	\$ 2	\$ 16	\$ 133
Charge offs, net of recoveries	(1)	—	(9)	—	—	—	—	(10)
Reductions for mortgages disposed	—	—	—	—	—	—	—	—
Additions from purchase of PCD mortgage loans	—	—	—	—	—	—	—	—
Provision (release)	19	4	12	9	6	—	3	53
Balance at June 30, 2026 ^{(1) (2)}	\$ 50	\$ 15	\$ 31	\$ 26	\$ 33	\$ 2	\$ 19	\$ 176

Six Months Ended June 30, 2025	Apartment	Hotel	Office	Retail	Warehouse	Other	Residential Mortgage	Total
Balance at January 1, 2025	\$ 23	\$ 7	\$ 44	\$ 19	\$ 20	\$ 3	\$ 5	\$ 121
Charge offs, net of recoveries	—	—	(6)	—	—	—	—	(6)
Reductions for mortgages disposed	(1)	—	—	(1)	—	—	—	(2)
Additions from purchase of PCD mortgage loans	—	—	—	—	—	—	—	—
Provision (release)	(4)	3	4	6	6	(1)	10	24
Balance at June 30, 2026 ^{(1) (2)}	\$ 18	\$ 10	\$ 42	\$ 24	\$ 26	\$ 2	\$ 15	\$ 137

⁽¹⁾ Accrued interest receivable totaled \$52 million and \$43 million as of June 30, 2026 and 2025, respectively, and was excluded from the determination of credit losses.

⁽²⁾ Accrued interest amounting to \$1 million and \$1 million was written off as of June 30, 2026 and 2025, respectively, relating to loans that were greater than 90 days delinquent or in the process of foreclosure.

The Company's mortgage loans that are current and in good standing are accruing interest. Interest is not accrued on loans greater than 90 days delinquent and in process of foreclosure, when deemed uncollectible. Delinquency status is determined from the date of the first missed contractual payment.

The following table provides information about our residential mortgage loans in process of foreclosure (in millions):

	June 30, 2026	December 31, 2025
Recorded investment ⁽¹⁾	\$ 23	\$ 38
Unpaid principal balance	25	45
Related loan allowance	—	1
Average recorded investment	24	29
Investment income recognized	—	1

⁽¹⁾ At June 30, 2026 and December 31, 2025, includes \$3 million and \$4 million, respectively, of loans in process of foreclosure, all of which are loans supported with insurance or other guarantees provided by various governmental programs.

The following tables provide information about the credit quality with vintage year and category of mortgage loans (dollars in millions):

June 30, 2026									
	2026	2025	2024	2023	2022	Prior	Revolving Loans	Total	% of Total
Commercial mortgage loans									
Loan to value ratios ⁽¹⁾ :									
Less than 70%	\$ 668	\$ 1,461	\$ 560	\$ 466	\$ 407	\$ 4,434	\$ —	\$ 7,996	84 %
70% - 80%	84	232	128	44	128	609	—	1,225	13 %
80% - 100%	—	—	—	25	25	121	—	171	2 %
Greater than 100%	—	—	3	—	55	88	—	146	1 %
Total commercial mortgage loans	752	1,693	691	535	615	5,252	—	9,538	100 %
Debt service coverage ratios ⁽²⁾ :									
Greater than 1.20x	718	1,344	648	429	479	4,560	—	8,178	86 %
1.00x - 1.20x	21	147	—	82	38	382	—	670	7 %
Less than 1.00x	12	155	39	16	89	309	—	620	6 %
Non-income producing properties	1	47	4	8	9	1	—	70	1 %
Total commercial mortgage loans	752	1,693	691	535	615	5,252	—	9,538	100 %
Residential mortgage loans									
Performing	247	571	184	6	11	406	—	1,425	97 %
Nonperforming	—	1	4	7	7	27	—	46	3 %
Total residential mortgage loans	247	572	188	13	18	433	—	1,471	100 %
Total mortgage loans	\$ 999	\$ 2,265	\$ 879	\$ 548	\$ 633	\$ 5,685	\$ —	\$ 11,009	100 %

⁽¹⁾ The loan to value ratio is derived from current loan balance divided by the fair value of the property. The fair value of the underlying commercial properties is updated annually for each mortgage loan.

⁽²⁾ The debt service coverage ratio is calculated using the most recently reported operating income results from property operations divided by annual debt service.

	December 31, 2025										
	2025	2024	2023	2022	2021	Prior	Revolving Loans	Total	% of Total		
Commercial mortgage loans											
Loan to value ratios ⁽¹⁾ :											
Less than 70%	\$ 1,140	\$ 508	\$ 521	\$ 466	\$ 345	\$ 4,296	\$ —	\$ 7,276	81 %		
70% - 80%	206	129	62	221	353	316	—	1,287	14 %		
80% - 100%	—	—	25	46	24	151	—	246	3 %		
Greater than 100%	—	2	—	56	—	90	—	148	2 %		
Total commercial mortgage loans	1,346	639	608	789	722	4,853	—	8,957	100 %		
Debt service coverage ratios ⁽²⁾ :											
Greater than 1.20x	1,313	615	538	594	434	4,591	—	8,085	90 %		
1.00x - 1.20x	33	24	70	145	174	231	—	677	8 %		
Less than 1.00x	—	—	—	50	114	31	—	195	2 %		
Total commercial mortgage loans	1,346	639	608	789	722	4,853	—	8,957	100 %		
Residential mortgage loans											
Performing	487	223	17	17	71	375	—	1,190	95 %		
Nonperforming	—	4	16	20	3	21	—	64	5 %		
Total residential mortgage loans	487	227	33	37	74	396	—	1,254	100 %		
Total mortgage loans	\$ 1,833	\$ 866	\$ 641	\$ 826	\$ 796	\$ 5,249	\$ —	\$ 10,211	100 %		

⁽¹⁾ The loan to value ratio is derived from current loan balance divided by the fair value of the property. The fair value of the underlying commercial properties is updated annually for each mortgage loan.

⁽²⁾ The debt service coverage ratio is calculated using the most recently reported operating income results from property operations divided by annual debt service.

June 30, 2026	Accruing Loans ⁽¹⁾				Non-accrual Loans ⁽¹⁾	Total Loans ⁽¹⁾	Non-accrual Loans with No Allowance ⁽¹⁾	Interest Income on Non-accrual Loans
	Current	30-89 Days Past Due ⁽²⁾	90 Days or Greater Past Due ⁽²⁾					
Apartment	\$ 3,315	\$ 3	\$ —	\$ 14	\$ 3,332	\$ —	\$ —	
Hotel	812	—	—	—	812	—	—	
Office	1,118	10	—	84	1,212	—	—	
Retail	1,650	—	—	—	1,650	—	—	
Warehouse	2,266	—	—	—	2,266	—	—	
Other	423	—	—	—	423	—	—	
Total commercial	9,584	13	—	98	9,695	—	—	
Residential ⁽²⁾	1,394	47	—	49	1,490	—	—	
Total	\$ 10,978	\$ 60	\$ —	\$ 147	11,185	\$ —	\$ —	
ACL					(176)			
Total with ACL					\$ 11,009			

	Accruing Loans ⁽¹⁾							
December 31, 2025	Current	30-89 Days Past Due ⁽²⁾	90 Days or Greater Past Due ⁽²⁾	Non-accrual Loans ⁽¹⁾	Total Loans ⁽¹⁾	Non-accrual Loans with No Allowance ⁽¹⁾	Interest Income on Non-accrual Loans	
Apartment	\$ 2,866	\$ —	\$ —	\$ —	\$ 2,866	\$ —	\$ —	
Hotel	789	—	—	—	789	—	—	
Office	1,062	—	—	109	1,171	—	—	
Retail	1,664	—	—	—	1,664	—	—	
Warehouse	2,217	—	—	—	2,217	—	—	
Other	367	—	—	—	367	—	—	
Total commercial	8,965	—	—	109	9,074	—	—	
Residential ⁽²⁾	1,124	69	16	61	1,270	—	2	
Total	\$ 10,089	\$ 69	\$ 16	\$ 170	\$ 10,344	\$ —	\$ 2	
ACL					(133)			
Total with ACL					\$ 10,211			

⁽¹⁾ Amortized cost or fair value for loans carried at fair value under the fair value option.

⁽²⁾ At June 30, 2026 and December 31, 2025, includes \$16 million and \$19 million, respectively, of loans 30-89 days past due and \$17 million and \$16 million, respectively, of loans 90 days or greater past due and supported with insurance or other guarantees provided by various governmental programs.

The following table provides information about the mortgage loans modified during the periods indicated to borrowers experiencing financial difficulty (dollars in millions):

	Term Extension	
	Amortized Cost Basis	Percent of Total Class
Three Months Ended June 30, 2026		
Commercial mortgage loans	\$ —	— %
Three Months Ended June 30, 2025		
Commercial mortgage loans	\$ —	— %
	Term Extension	
	Amortized Cost Basis	Percent of Total Class
Six Months Ended June 30, 2026		
Commercial mortgage loans	\$ 10	— %
Six Months Ended June 30, 2025		
Commercial mortgage loans	\$ —	— %

As of June 30, 2026, the above modified loans had \$8 million of unfunded commitments.

The following table describes the financial effect of the modifications made to the loans noted above:

	Term Extension
	Financial Effect
Six Months Ended June 30, 2026	
Commercial mortgage loans	Granted extension of term for 42 months and rate converted from variable to fixed.

The Company closely monitors the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table depicts the performance of loans that have been modified in the last 12 months (in millions):

	Payment Status (Amortized Cost Basis)		
	Current	30-89 Days Past Due	90+ Days Past Due
June 30, 2026			
Commercial mortgage loans	\$ —	\$ 10	\$ —
June 30, 2025			
Commercial mortgage loans	\$ —	\$ —	\$ —

As of June 30, 2026 and 2025, stressed mortgage loans for which the Company is dependent, or expects to be dependent, on the underlying property to satisfy repayment were \$19 million and \$32 million, respectively.

Policy Loans

Policy loans are loans the Company issues to contract holders that use the cash surrender value of their life insurance policy or annuity contract as collateral. At June 30, 2026 and December 31, 2025, \$3.6 billion and \$3.5 billion of these loans were carried at fair value, which the Company believes is equal to unpaid principal balances, plus accrued investment income. At both June 30, 2026 and December 31, 2025, the Company had \$0.9 billion of policy loans not held as collateral for reinsurance, which were carried at the unpaid principal balances.

Other Invested Assets

Other invested assets primarily include investments in:

- Federal Home Loan Bank of Indianapolis ("FHLBI") capital stock, which is carried at cost and adjusted for any impairment. At June 30, 2026 and December 31, 2025, FHLBI capital stock had a carrying value of \$87 million and \$119 million, respectively;
- limited partnerships ("LPs"), which are carried at values determined by using the proportion of the Company's investment in each fund (Net Asset Value ("NAV") equivalent) as a practical expedient for fair value, and generally are recorded on a three-month lag, with changes in value included in net investment income. At June 30, 2026 and December 31, 2025, investments in LPs had carrying values of \$3.1 billion and \$2.8 billion, respectively; and
- real estate, which is carried at the lower of depreciated cost or fair value and real estate occupied by the Company is carried at depreciated cost. At June 30, 2026 and December 31, 2025, real estate totaling \$226 million and \$230 million, respectively, included foreclosed properties with a book value of \$19 million and \$20 million at June 30, 2026 and December 31, 2025, respectively.

Securities Lending

The Company has entered into securities lending agreements with agent banks whereby blocks of securities are loaned to third parties, primarily major brokerage firms. As of June 30, 2026 and December 31, 2025, the estimated fair value of loaned securities was \$74 million and \$34 million, respectively. The agreements require a minimum of 102% of the fair value of the loaned securities to be held as collateral, calculated daily. To further minimize the credit risks related to these programs, the financial condition of counterparties is monitored on a regular basis. At June 30, 2026 and December 31, 2025, cash collateral received in the amount of \$77 million and \$35 million, respectively, was invested by the agent banks and included in cash and cash equivalents of the Company. A securities lending payable for the overnight and continuous loans is included in liabilities in the amount of cash collateral received. Securities lending transactions are used to generate income. Income and expenses associated with these transactions are reported as net investment income.

Repurchase Agreements

The Company routinely enters into repurchase agreements whereby the Company agrees to sell and repurchase securities. These agreements are accounted for as financing transactions, with the assets and associated liabilities included in the Condensed Consolidated Balance Sheets.

At June 30, 2026 and December 31, 2025, the outstanding repurchase agreement balance was \$0.4 billion and \$1.0 billion, respectively, having maturities within 30 days, and was included within repurchase agreements and securities lending payable in the Condensed Consolidated Balance Sheets. These repurchase agreements were collateralized with U.S. Treasury securities and corporate securities of \$0.4 billion and \$1.0 billion, respectively, at June 30, 2026 and December 31, 2025.

Interest expense totaled \$1 million and \$3 million for the three and six months ended June 30, 2026, respectively, and \$16 million and \$28 million for the three and six months ended June 30, 2025, respectively, and is included within net investment income.

Collateral Upgrade Transactions

During the first quarter of 2024, Jackson executed certain paired repurchase and reverse repurchase transactions totaling \$1.5 billion pursuant to master repurchase agreements with participating bank counterparties. Under these transactions, the Company lends securities (*e.g.*, corporate debt securities) to bank counterparties in exchange for U.S. Treasury securities that the Company then uses to provide as collateral. The paired repurchase and reverse repurchase transactions are settled on a net basis. As a result, there was no cash exchanged at initiation of these agreements. The paired transactions are reported net within the Condensed Consolidated Balance Sheets. These transactions are evergreen and require at least 150-days' notice prior to termination.

At both June 30, 2026 and December 31, 2025, the fair value of the U.S. treasuries received was \$1.5 billion, collateralized with corporate securities with a fair value of \$1.6 billion. Subsequently, the Company provided these U.S. Treasury securities as collateral for derivative trades, and they are included as part of the derivative collateral disclosures.

In the event of a decline in the fair value of the pledged collateral under these agreements, the Company may be required to transfer cash or additional securities as pledged collateral. Gross interest income of \$14 million and \$17 million and gross interest expense of \$17 million and \$19 million for the three months ended June 30, 2026 and 2025, respectively, and gross interest income of \$28 million and \$33 million and gross interest expense of \$33 million and \$38 million for the six months ended June 30, 2026 and 2025, respectively, are included within net investment income.

5. Derivative Instruments

The Company's business model includes the acceptance, monitoring and mitigation of risk. Specifically, the Company considers, among other factors, exposures to equity market and interest rate movements, foreign exchange rates and other asset or liability prices. The Company uses derivative instruments to mitigate or reduce these risks in accordance with established policies and goals. The Company's derivative holdings, while effective in managing defined risks, are not structured to meet accounting requirements to be designated as hedging instruments. As a result, freestanding derivatives are carried at fair value with changes recorded in net gains (losses) on derivatives and investments.

During the third quarter of 2025, the Company began utilizing derivative instruments to economically hedge the equity market exposure related to the Company's non-qualified voluntary deferred compensation plans. These derivative instruments are not designated as accounting hedges and are carried at fair value with gains or losses reported as a component of operating costs and other expenses, net of deferrals in the Condensed Consolidated Income Statement. *See Item 8. Financial Statements and Supplementary Data - Note 20 - Benefit Plans of the Notes to Consolidated Financial Statements included in our 2025 Annual Report for further details on our non-qualified deferred compensation plans.*

A summary of the aggregate contractual or notional amounts and fair values of the Company's freestanding and embedded derivative instruments are as follows (in millions):

	June 30, 2026			
	Assets		Liabilities	
	Contractual/ Notional Amount ⁽¹⁾	Assets Fair Value	Liabilities Fair Value	Net Fair Value Asset (Liability)
Freestanding derivatives				
Cross-currency swaps	\$ 1,729	\$ 137	\$ 107	\$ 30
Equity index call options	1,500	15	—	15
Equity index futures ⁽²⁾	48,419	—	—	—
Equity index put options	16,500	83	—	83
Interest rate swaps - cleared ⁽²⁾	4,780	—	—	—
Interest rate futures ⁽²⁾	19,968	—	—	—
Total return swaps	8,356	134	53	81
Bond forwards	6,049	37	487	(450)
Total freestanding derivatives	107,301	406	647	(241)
Embedded derivatives				
Fixed index annuity embedded derivatives ⁽³⁾	N/A	—	850	(850)
Registered index linked annuity embedded derivatives ⁽³⁾	N/A	—	8,395	(8,395)
Total embedded derivatives	N/A	—	9,245	(9,245)
Derivatives related to funds withheld under reinsurance treaties				
Cross-currency swaps	158	10	—	10
Cross-currency forwards	684	6	10	(4)
Funds withheld embedded derivative ⁽⁴⁾	N/A	1,651	—	1,651
Total derivatives related to funds withheld under reinsurance treaties	842	1,667	10	1,657
Total	\$ 108,143	\$ 2,073	\$ 9,902	\$ (7,829)

⁽¹⁾ The notional amount for swaps and swaptions represents the stated principal balance used as a basis for calculating payments. The contractual amount for futures and options represents the market exposure of open positions.

⁽²⁾ Variation margin is considered settlement resulting in the netting of cash received/paid for variation margin against the fair value of the trades.

⁽³⁾ Included within other contract holder funds on the Condensed Consolidated Balance Sheets. The non-performance risk adjustment is included in the balance above.

⁽⁴⁾ Included within funds withheld payable under reinsurance treaties on the Condensed Consolidated Balance Sheets.

	December 31, 2025			
	Contractual/ Notional Amount ⁽¹⁾	Assets Fair Value	Liabilities Fair Value	Net Fair Value Asset (Liability)
Freestanding derivatives				
Cross-currency swaps	\$ 1,379	\$ 133	\$ 114	\$ 19
Equity index futures ⁽²⁾	43,905	—	—	—
Equity index put options	16,500	114	—	114
Interest rate swaps - cleared ⁽²⁾	2,485	—	—	—
Interest rate futures ⁽²⁾	21,874	—	—	—
Total return swaps	3,544	22	43	(21)
Bond forwards	8,143	161	78	83
Total freestanding derivatives	97,830	430	235	195
Embedded derivatives				
Fixed index annuity embedded derivatives ⁽³⁾	N/A	—	863	(863)
Registered index linked annuity embedded derivatives ⁽³⁾	N/A	—	6,043	(6,043)
Total embedded derivatives	N/A	—	6,906	(6,906)
Derivatives related to funds withheld under reinsurance treaties				
Cross-currency swaps	158	11	1	10
Cross-currency forwards	1,133	7	21	(14)
Funds withheld embedded derivative ⁽⁴⁾	N/A	1,752	—	1,752
Total derivatives related to funds withheld under reinsurance treaties	1,291	1,770	22	1,748
Total	\$ 99,121	\$ 2,200	\$ 7,163	\$ (4,963)

⁽¹⁾ The notional amount for swaps and swaptions represents the stated principal balance used as a basis for calculating payments. The contractual amount for futures, forwards, and options represents the market exposure of open positions.

⁽²⁾ Variation margin is considered settlement resulting in the netting of cash received/paid for variation margin against the fair value of the trades.

⁽³⁾ Included within other contract holder funds on the Condensed Consolidated Balance Sheets. The non-performance risk adjustment is included in the balance above.

⁽⁴⁾ Included within funds withheld payable under reinsurance treaties on the Condensed Consolidated Balance Sheets.

The following table reflects the results of the Company's derivatives, including gains (losses) and change in fair value of freestanding derivative instruments and embedded derivatives (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Derivatives excluding funds withheld under reinsurance treaties and non-qualified voluntary deferred compensation plan				
Cross-currency swaps	\$ (13)	\$ 58	\$ 5	\$ 85
Equity index call options	(7)	—	(7)	—
Equity index futures	1,241	(613)	808	(466)
Equity index put options	(396)	(419)	(373)	(311)
Interest rate swaps	42	9	66	37
Interest rate futures	(9)	(547)	(115)	(71)
Total return swaps	(754)	(176)	(647)	(64)
Bond forwards	51	(67)	(16)	48
Fixed index annuity embedded derivatives	(32)	(10)	(26)	(11)
Registered index linked annuity embedded derivatives	(2,589)	(986)	(1,831)	(589)
Total net gains (losses) on derivative instruments excluding derivative instruments related to funds withheld under reinsurance treaties	(2,466)	(2,751)	(2,136)	(1,342)
Derivatives related to funds withheld under reinsurance treaties				
Cross-currency swaps	(2)	(11)	—	(10)
Cross-currency forwards	—	(38)	2	(56)
Funds withheld embedded derivative	(115)	(130)	(101)	(331)
Total net gains (losses) on derivative instruments related to funds withheld under reinsurance treaties	(117)	(179)	(99)	(397)
Total net gains (losses) on derivative instruments including derivative instruments related to funds withheld under reinsurance treaties	<u>\$ (2,583)</u>	<u>\$ (2,930)</u>	<u>\$ (2,235)</u>	<u>\$ (1,739)</u>
Derivatives related to non-qualified voluntary deferred compensation plan				
Equity index futures	\$ 15	\$ —	\$ 9	\$ —
Total return swaps	25	—	22	—
Total operating costs and other expenses related to non-qualified voluntary deferred compensation plan	<u>\$ 40</u>	<u>\$ —</u>	<u>\$ 31</u>	<u>\$ —</u>

All the Company's trade agreements for freestanding, over-the-counter derivatives contain credit downgrade provisions that allow a party to assign or terminate derivative transactions if the counterparty's credit rating declines below an established limit.

At June 30, 2026 and December 31, 2025, the fair value of the Company's net non-cleared, over-the-counter derivative assets by counterparty were \$30 million and \$151 million, respectively, and held collateral was \$55 million and \$130 million, respectively, related to these agreements.

At June 30, 2026 and December 31, 2025, the fair value of the Company's net non-cleared, over-the-counter derivative liabilities by counterparty were \$571 million and \$237 million, respectively, and provided collateral was \$631 million and \$295 million, respectively, related to these agreements.

If all of the downgrade provisions had been triggered at June 30, 2026 and December 31, 2025, in aggregate, the Company would have had to disburse \$25 million and nil, respectively, and would have been allowed to claim \$59 million and \$79 million, respectively.

The Company pledged collateral of \$2,083 million and \$1,403 million as of June 30, 2026 and December 31, 2025, respectively, for initial margin related to uncleared margin for over-the-counter derivatives and exchange-traded futures. Variation margin on exchange traded futures is settled through the netting of cash paid/received for variation margin against the fair value of the trades.

The Company purchases equity options for which option premium payments are deferred (deferred premium options). The deferred premiums, along with interest incurred thereon, are payable at contract termination. During the six months ended June 30, 2026 and 2025, the Company deferred option premiums totaling \$365 million and \$52 million, respectively. The purchase of these options is a non-cash transaction. Upon maturity, payment of the deferred premium is reported as a cash flow from financing activities.

Offsetting Assets and Liabilities

The Company's derivative instruments, repurchase agreements and securities lending agreements are subject to master netting arrangements and collateral arrangements. A master netting arrangement with a counterparty creates a right of offset for amounts due to and due from that same counterparty that is enforceable in the event of a default or bankruptcy. The Company recognizes amounts subject to master netting arrangements on a gross basis within the Condensed Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's financial instruments subject to master netting arrangements (in millions):

	June 30, 2026							
	Gross Amounts Recognized	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets			Net Amount	
				Financial Instruments ⁽¹⁾	Cash Collateral	Securities Collateral ⁽²⁾		
Financial Assets:								
Freestanding derivative assets	\$ 422	\$ —	\$ 422	\$ 392	\$ 9	\$ 21	\$ —	
Financial Liabilities:								
Freestanding derivative liabilities	\$ 657	\$ —	\$ 657	\$ 86	\$ 4	\$ 491	\$ 76	
Derivative deferred premium payable	306	—	306	306	—	—	—	
Securities lending	77	—	77	—	77	—	—	
Repurchase agreements	400	—	400	—	—	400	—	
Repurchase agreements - collateral upgrade	1,483	(1,483)	—	—	—	—	—	
Total financial liabilities	\$ 2,923	\$ (1,483)	\$ 1,440	\$ 392	\$ 81	\$ 891	\$ 76	

⁽¹⁾ Represents the amount that could be offset under master netting or similar arrangements that management elects not to offset on the Condensed Consolidated Balance Sheets.

⁽²⁾ Excludes initial margin amounts for exchange-traded derivatives.

	December 31, 2025							
	Gross Amounts Recognized	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets			Net Amount	
				Financial Instruments ⁽¹⁾	Cash Collateral	Securities Collateral ⁽²⁾		
Financial Assets:								
Freestanding derivative assets	\$ 448	\$ —	\$ 448	\$ 297	\$ 73	\$ 53	\$ 25	
Financial Liabilities:								
Freestanding derivative liabilities	\$ 257	\$ —	\$ 257	\$ 20	\$ 12	\$ 221	\$ 4	
Derivative deferred premium payable	277	—	277	277	—	—	—	
Securities lending	35	—	35	—	35	—	—	
Repurchase agreements	1,001	—	1,001	—	—	1,001	—	
Repurchase agreements - collateral upgrade	1,498	(1,498)	—	—	—	—	—	
Total financial liabilities	\$ 3,068	\$ (1,498)	\$ 1,570	\$ 297	\$ 47	\$ 1,222	\$ 4	

⁽¹⁾ Represents the amount that could be offset under master netting or similar arrangements that management elects not to offset on the Condensed Consolidated Balance Sheets.

⁽²⁾ Excludes initial margin amounts for exchange-traded derivatives.

In the above tables, the amounts of assets or liabilities presented in the Company's Condensed Consolidated Balance Sheets are offset first by financial instruments that have the right of offset under master netting or similar arrangements with any remaining amount reduced by the amount of cash and securities collateral. The actual amount of collateral may be greater than amounts presented in the tables. The above tables exclude:

- net embedded derivative liabilities of \$9,245 million and \$6,906 million as of June 30, 2026 and December 31, 2025, respectively, as these derivatives are not subject to master netting arrangements; and
- the funds withheld embedded derivative asset (liability) of \$1,651 million and \$1,752 million at June 30, 2026 and December 31, 2025, respectively.

6. Fair Value Measurements

The following table summarizes the fair value and carrying value of the Company's financial instruments (in millions):

	June 30, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Debt securities ⁽¹⁾	\$ 55,742	\$ 55,742	\$ 50,791	\$ 50,791
Equity securities	262	262	172	172
Mortgage loans ⁽¹⁾	11,009	10,725	10,211	9,948
Limited partnerships	3,079	3,079	2,836	2,836
Policy loans ⁽¹⁾	4,484	4,484	4,426	4,426
Freestanding derivative instruments	422	422	448	448
FHLBI capital stock	87	87	119	119
Cash and cash equivalents	5,986	5,986	5,704	5,704
Reinsurance recoverable on market risk benefits	109	109	118	118
Market risk benefit assets	8,046	8,046	7,867	7,867
Separate account assets	245,387	245,387	236,496	236,496
Liabilities				
Annuity reserves ⁽²⁾	51,808	50,022	45,965	45,458
Market risk benefit liabilities	3,368	3,368	3,754	3,754
Guaranteed investment contracts and funding agreements ⁽³⁾	11,018	10,865	11,021	11,077
Funds withheld payable under reinsurance treaties ⁽¹⁾	14,090	14,090	14,960	14,960
Debt	2,769	2,588	2,030	1,877
Securities lending payable ⁽⁴⁾	77	77	35	35
Freestanding derivative instruments	657	657	257	257
Notes issued by consolidated VIEs	2,474	2,474	2,578	2,578
Repurchase agreements ⁽⁴⁾	400	400	1,001	1,001
Separate account liabilities	245,387	245,387	236,496	236,496

⁽¹⁾ Includes items carried at fair value under the fair value option and trading securities included as a component of debt securities.

⁽²⁾ Annuity reserves exclude contracts classified as insurance contracts.

⁽³⁾ Included as a component of other contract holder funds on the Condensed Consolidated Balance Sheets.

⁽⁴⁾ Included as a component of repurchase agreements and securities lending payable on the Condensed Consolidated Balance Sheets.

The following is a discussion of the methodologies used to determine fair values of the financial instruments measured on a recurring basis reported in the following tables.

Debt and Equity Securities

The fair values for debt and equity securities are determined using information available from independent pricing services, broker-dealer quotes, or internally derived estimates. Priority is given to publicly available prices from independent sources, when available. Securities for which the independent pricing service does not provide a quotation are either submitted to independent broker-dealers for prices or priced internally. Typical inputs used by these three pricing methods include reported trades, benchmark yields, credit spreads, liquidity premiums and/or estimated cash flows based on default and prepayment assumptions.

- **Independent pricing services:** As a result of typical trading volumes and the lack of specific quoted market prices for most debt securities, independent pricing services will normally derive the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available market observable information as outlined above. If there are no recently reported trades, the independent pricing services and broker-dealers may use matrix or pricing model processes to develop a security price where future cash flow expectations are developed based upon collateral performance and discounted at relevant market rates.

On an ongoing basis, the Company reviews the independent pricing services' valuation methodologies and related inputs and evaluates the various types of securities in its investment portfolio to determine an appropriate fair value hierarchy distribution based upon trading activity and the observability of inputs. Based on the results of this evaluation, each price is classified into Level 1, 2, or 3. Most prices provided by independent pricing services are classified into Level 2 due to their use of market observable inputs.

- **Broker-dealer quotes:** Certain securities are priced using broker-dealer quotes, which may utilize proprietary inputs and models. The majority of these quotes are non-binding. These securities are classified as Level 3 in the fair value hierarchy.
- **Internally derived estimates:** These fair value estimates may incorporate Level 2 and Level 3 inputs, as defined below, and are generally derived using expected future cash flows, discounted at market interest rates available from market sources based on the credit quality and duration of the instrument. For securities that may not be reliably priced using these internally developed pricing models, a fair value may be estimated using indicative market prices. These prices are indicative of an exit price, but the assumptions used to establish the fair value may not be observable or corroborated by market observable information and, therefore, represent Level 3 inputs.

For those securities that were internally valued at June 30, 2026 and December 31, 2025, the pricing model used by the Company utilizes current spread levels of similarly rated securities to determine the market discount rate for the security. Furthermore, appropriate risk premiums for illiquidity and non-performance are incorporated in the discount rate. Cash flows, as estimated by the Company using issuer-specific default statistics and prepayment assumptions, are discounted to determine an estimated fair value.

The Company performs an analysis on the prices and credit spreads received from third parties to ensure that the prices represent a reasonable estimate of the fair value. This process involves quantitative and qualitative analysis and is overseen by investment and accounting professionals. Examples of procedures performed include initial and ongoing review of third-party pricing service methodologies, review of pricing statistics and trends, back testing recent trades and monitoring of trading volumes. In addition, the Company considers whether prices received from independent broker-dealers represent a reasonable estimate of fair value using internal and external cash flow models, which are developed based on spreads and, when available, market indices. As a result of this analysis, if the Company determines there is a more appropriate fair value based upon the available market data, the price received from the third party may be adjusted accordingly.

Included in the pricing of asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment assumptions believed to be relevant for the underlying collateral. Actual prepayment experience may vary from these estimates.

Certain of the Company's equity securities are subject to sale restrictions. Where these restrictions are not a characteristic of the asset, they are not considered when determining the fair value of the securities.

Limited Partnerships

Fair values for limited partnership interests, which are included in other invested assets, are generally determined using the proportion of the Company's investment in the value of the net assets of each fund ("NAV equivalent") as a practical expedient for fair value, and generally are recorded on a three-month lag. No adjustments to these amounts were deemed necessary at June 30, 2026 and December 31, 2025. As a result of using that practical expedient, limited partnership interests are not classified in the fair value hierarchy.

The Company's limited partnership interests are not redeemable, and distributions received are generally the result of liquidation of the underlying assets of the partnerships. The Company generally has the ability under the partnership agreements to sell its interest to another limited partner with the prior written consent of the general partner. In cases when the Company expects to sell the limited partnership interest, the estimated sales price is used to determine the fair value rather than the practical expedient. Limited partnership interests expected to be sold are classified as Level 2 in the fair value hierarchy.

In cases when a limited partnership's financial statements are unavailable and a NAV equivalent is not available or practical, the fair value may be based on an internally developed model or provided by the general partner as determined using private transactions, information obtained from the primary co-investor or underlying company, or financial metrics provided by the lead sponsor. These investments are classified as Level 3 in the fair value hierarchy.

Policy Loans

Policy loans are funds provided to policyholders in return for a claim on their policies' values. They are repaid upon repayment, death or surrender, and there is only one market price at which the loans can be settled – the then current carrying value. The loans are limited to, and fully collateralized by, the cash surrender value of the underlying policy. The nature of policy loans is to have a negligible default risk. Policy loans do not have a stated maturity, and the balances and accrued interest are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans approximates fair value. The reinsurance related component of policy loans at fair value under the fair value option has been classified as Level 3 within the fair value hierarchy.

Freestanding Derivative Instruments

Freestanding derivative instruments are reported at fair value, which reflects the estimated amounts, net of payment accruals, that the Company would receive or pay upon sale or termination of the contracts at the reporting date. Changes in fair value are included in net gains (losses) on derivatives and investments. Freestanding derivatives priced using third-party pricing services incorporate inputs that are observable in the market. Inputs used to value derivatives include interest rate swap curves, credit spreads, interest rates, counterparty credit risk, equity volatility and equity index levels.

Freestanding derivative instruments classified as:

- Level 1 include futures, which are traded on active exchanges.
- Level 2 include interest rate swaps, cross currency swaps, credit default swaps, total return swaps, bond forwards, put-swaptions and certain equity index call and put options. These derivative valuations are determined by third-party pricing services using pricing models with inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data.
- Level 3 include interest rate contingent options that are valued by third-party pricing services utilizing significant unobservable inputs.

Cash and Cash Equivalents

Cash and cash equivalents primarily include money market instruments and bank deposits. Cash equivalents also include all highly liquid securities and other investments purchased with an original or remaining maturity of three months or less at the date of purchase. Certain money market instruments are valued using unadjusted quoted prices in active markets and are classified as Level 1.

Funds Withheld Payable Under Reinsurance Treaties

The funds withheld payable under reinsurance treaties includes:

- The funds withheld payable that is held at fair value under the fair value option: the fair value is equal to the fair value of the assets held as collateral, which primarily consists of policy loans using industry standard valuation techniques.
- The funds withheld embedded derivative: the fair value is determined based upon a total return swap technique referencing the fair value of the investments held under the reinsurance contract and requires certain significant unobservable inputs.

Both are considered Level 3 in the fair value hierarchy.

Separate Account Assets

Separate account assets are comprised of investments in mutual funds that transact regularly, but do not trade in active markets as they are not publicly available and are categorized as Level 2 assets.

Market Risk Benefits

Our market risk benefits ("MRB") assets and MRB liabilities are reported separately on our Condensed Consolidated Balance Sheets. Increases to an asset or decreases to a liability are described as favorable changes to fair value. Changes in fair value are reported in Market risk benefits (gains) losses, net on the Condensed Consolidated Income Statements. However, the change in fair value related to our own non-performance risk is recognized as a component of other comprehensive income ("OCI") and is reported in Change in non-performance on market risk benefits, net of tax expense (benefit) on the Condensed Consolidated Statements of Comprehensive Income (Loss).

Variable Annuities

Variable annuity contracts issued by the Company may include various guaranteed minimum death, withdrawal, income and accumulation benefits, which are classified as MRBs and measured at fair value.

The fair value of variable annuity guaranteed benefit features classified as MRBs, which have explicit fees, are measured using the attributed fee method as the difference between the present value of projected future liabilities and the present value of projected attributed fees. At the inception of the contract, the Company attributes to the MRB a portion of total fees expected to be assessed against the contract holder's account value to offset the projected claims over the lifetime of the contract. The attributed fee is expressed as a percentage of total projected future fees at inception of the contract. This percentage of total projected fees is considered a fixed term of the MRB feature and is held static over the life of the contract. As the Company may issue contracts that have projected future liabilities greater than the projected future guaranteed benefit fees at issue, the Company may also attribute mortality and expense charges when performing this calculation. The percentage of guaranteed benefit fees and the percentage of mortality and expense charges may not exceed 100% of the total projected fees as of contract inception. In subsequent valuations, both the present value of future projected liabilities and the present value of projected attributed fees are remeasured based on current market conditions and policyholder behavior assumptions.

The Company has ceded the guaranteed minimum income benefit ("GMIB") features elected on certain annuity contracts to an unrelated party. The GMIBs ceded under this reinsurance treaty are classified as a MRB in their entirety. The reinsurance contract is measured at fair value and reported in Reinsurance recoverable on market risk benefits. Changes in fair value are recorded in Market risk benefits (gains) losses, net. Due to the inability to economically reinsure or hedge new issues of the GMIB, the Company discontinued offering the benefit in 2009.

Fair values for MRBs related to variable annuities, including the contract reinsuring GMIB features, are calculated using internally developed models because active, observable markets do not exist for those guaranteed benefits.

The fair value calculation is based on the present value of future cash flows comprised of future expected benefit payments, less future attributed rider fees, over the lives of the contracts. Estimating these cash flows requires numerous estimates and subjective judgments related to capital market inputs, as well as actuarially determined assumptions related to expectations concerning policyholder behavior. Capital market inputs include expected market rates of return, market volatility, correlations of market index returns to fund returns, and discount rates, which include an adjustment for non-performance risk. The more significant actuarial assumptions include benefit utilization by policyholders, lapse, mortality, and withdrawal rates. Best estimate assumptions plus risk margins are used as applicable.

At each valuation date, the fair value calculation reflects expected returns based on treasury rates as of that date to determine the value of expected future cash flows produced in a stochastic process. Volatility assumptions are based on available market data for implied market volatility for durations up to 5 years, grading to a historical volatility level by year 10, where such long-term historical volatility levels contain an explicit risk margin. Non-performance risk is incorporated into the calculation through the adjustment of the risk-free rate curve based on credit spreads for debt and debt-like instruments issued by the Company or its insurance operating subsidiaries, adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries. Risk margins are also incorporated into the model assumptions, particularly for policyholder behavior. Estimates of future policyholder behavior are subjective and are based primarily on the Company's experience.

As markets change, mature and evolve and actual policyholder behavior emerges, management evaluates the appropriateness of its assumptions for the fair value model.

The use of the models and assumptions described above requires a significant amount of judgment. Management believes this results in an amount that the Company would be required to transfer for a liability, or receive for an asset, to or from a willing buyer or seller, if one existed, for those market participants to assume the risks associated with the guaranteed benefits and the related reinsurance. However, the ultimate settlement amount of the asset or liability, which is currently unknown, could likely be significantly different than this fair value.

Fixed Index Annuities and RILA

Our fixed index annuity ("FIA") and RILA contracts may be issued with features that guarantee benefits that are payable upon death (GMDB) or upon depletion of funds (GMWB). These features are classified as MRBs and measured at fair value.

Where the guaranteed benefit features have explicit fees, the fair value of the MRB is measured as the difference between the present value of projected future guaranteed benefits and the present value of projected attributed fees (the attributed fee method). At inception of the contract, the Company attributes a percentage of total projected future fees expected to be assessed against the policyholder to offset the projected future guaranteed benefits over the lifetime of the contract. Where the projected attributed fees are sufficient to offset the projected guaranteed benefits at issue, the MRB has an initial fair value of zero resulting in no gain or loss on issuance of the contract. If the projected attributed fees are insufficient to offset the projected guaranteed benefits at issue, an MRB liability is recognized and the value of the MRB is deducted from the host contract liability resulting in no gain or loss on issuance of the contract.

If the guaranteed benefits do not have explicit fees, the fair value of the MRB is measured as the present value of projected future guaranteed benefits. At inception, the initial value of the MRB is deducted from the host contract liability resulting in no gain or loss on issuance of the contract.

See Note 12 - Market Risk Benefits of these Notes to Condensed Consolidated Financial Statements for more information regarding MRBs.

Indexed-Linked Crediting Derivative Feature in Fixed Index Annuities and RILA

The fair value of the index-linked crediting derivative feature embedded in fixed index annuities and RILA, included in Annuity Reserves in the above tables, is calculated using the closed form Black-Scholes Option Pricing model or Monte Carlo simulations, as appropriate for the type of option. The calculation incorporates such factors as the volatility of returns, the level of interest rates and the time remaining until the option expires. Additionally, although not a significant input, assumed withdrawal rates are used to estimate the expected volume of embedded options that will be realized by policyholders.

Notes Issued by Consolidated VIEs

These notes are issued by CLOs and are carried at fair value under the fair value option based on the fair values of corresponding fixed maturity collateral. The CLO liabilities are also reduced by the fair value of the beneficial interest the Company retains in the CLO and the carrying value of any beneficial interests that represent compensation for services. As the notes are valued based on the reference collateral, they are classified as Level 2.

Fair Value Option

The Company elected the fair value option for:

- Debt securities reflected on the Company's Condensed Consolidated Balance Sheets as debt securities related to:
 - certain consolidated investments totaling \$2,648 million and \$2,698 million at June 30, 2026 and December 31, 2025, respectively.
 - certain debt securities the Company began purchasing during the third quarter of 2024, for purposes of mitigating components of exposure to changes in the value of certain market risk benefits. The Company elected the fair value option on these debt securities, with changes in fair value reflected in net income, to align with the corresponding changes in the value of the market risk benefits recognized through net income. These debt securities totaled \$705 million and \$766 million at June 30, 2026 and December 31, 2025, respectively.
- Certain funds withheld assets, which are held as collateral for reinsurance, totaling \$4,393 million and \$3,867 million at June 30, 2026 and December 31, 2025, respectively, as discussed above, and include mortgage loans as discussed below.
- Certain mortgage loans held under the funds withheld reinsurance agreement with Athene. The fair value option was elected for these mortgage loans, purchased or funded after December 31, 2021, to mitigate inconsistency in earnings that would otherwise result between these mortgage loan assets and the funds withheld liability, including the associated embedded derivative, and are valued using third-party pricing services. Changes in fair value are reflected in net investment income on the Condensed Consolidated Income Statements.

The fair value and aggregate contractual principal for mortgage loans where the fair value option was elected after December 31, 2021, were as follows (in millions):

	June 30, 2026	December 31, 2025
Fair value	\$ 595	\$ 324
Aggregate contractual principal	614	330

As of June 30, 2026, no loans in good standing for which the fair value option was elected were in non-accrual status, and no loans were more than 90 days past due and still accruing interest.

- Notes issued by consolidated VIEs totaling \$2,474 million and \$2,578 million at June 30, 2026 and December 31, 2025, respectively.

Income and changes in unrealized gains and losses on other assets for which the Company has elected the fair value option are immaterial to the Company's Condensed Consolidated Financial Statements.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables summarize the Company's assets and liabilities that are carried at fair value by hierarchy levels (in millions):

	June 30, 2026			
	Total	Level 1	Level 2	Level 3
Assets				
Debt securities				
U.S. government securities	\$ 3,469	\$ 3,469	\$ —	\$ —
Other government securities	1,112	—	1,112	—
Public utilities	6,698	—	6,698	—
Corporate securities	34,981	—	34,847	134
Residential mortgage-backed	446	—	446	—
Commercial mortgage-backed	2,029	—	2,029	—
Other asset-backed securities	7,007	—	6,724	283
Equity securities	262	102	149	11
Mortgage loans	595	—	—	595
Limited partnerships ⁽¹⁾	314	—	—	314
Policy loans	3,617	—	—	3,617
Freestanding derivative instruments	422	—	422	—
Cash and cash equivalents	5,986	5,986	—	—
Reinsurance recoverable on market risk benefits	109	—	—	109
Market risk benefit assets	8,046	—	—	8,046
Separate account assets	245,387	—	245,387	—
Total	\$ 320,480	\$ 9,557	\$ 297,814	\$ 13,109
Liabilities				
Embedded derivative liabilities ⁽²⁾	\$ 9,245	\$ —	\$ 9,245	\$ —
Funds withheld payable under reinsurance treaties ⁽³⁾	2,155	—	—	2,155
Freestanding derivative instruments	657	—	657	—
Notes issued by consolidated VIEs	2,474	—	2,474	—
Market risk benefit liabilities	3,368	—	—	3,368
Total	\$ 17,899	\$ —	\$ 12,376	\$ 5,523

⁽¹⁾ Excludes \$2,765 million of limited partnership investments measured at NAV equivalent.

⁽²⁾ Includes the embedded derivative liabilities of \$8,395 million related to RILA and \$850 million liability related to fixed index annuities, both included in other contract holder funds on the Condensed Consolidated Balance Sheets.

⁽³⁾ Includes the Athene embedded derivative asset of \$1,651 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

		December 31, 2025			
		Total	Level 1	Level 2	Level 3
Assets					
Debt securities					
U.S. government securities	\$	3,005	\$ 3,005	\$ —	\$ —
Other government securities		1,065	—	1,065	—
Public utilities		6,146	—	6,146	—
Corporate securities		32,916	—	32,570	346
Residential mortgage-backed		442	—	442	—
Commercial mortgage-backed		1,829	—	1,829	—
Other asset-backed securities		5,388	—	4,962	426
Equity securities		172	10	155	7
Mortgage loans		324	—	—	324
Limited partnerships ⁽¹⁾		250	—	—	250
Policy loans		3,537	—	—	3,537
Freestanding derivative instruments		448	—	448	—
Cash and cash equivalents		5,704	5,704	—	—
Reinsurance recoverable on market risk benefits		118	—	—	118
Market risk benefit assets		7,867	—	—	7,867
Separate account assets		236,496	—	236,496	—
Total	\$	305,707	\$ 8,719	\$ 284,113	\$ 12,875
Liabilities					
Embedded derivative liabilities ⁽²⁾	\$	6,906	\$ —	\$ 6,906	\$ —
Funds withheld payable under reinsurance treaties ⁽³⁾		1,971	—	—	1,971
Freestanding derivative instruments		257	—	257	—
Notes issued by consolidated VIEs		2,578	—	2,578	—
Market risk benefit liabilities		3,754	—	—	3,754
Total	\$	15,466	\$ —	\$ 9,741	\$ 5,725

⁽¹⁾ Excludes \$2,586 million of limited partnership investments measured at NAV equivalent.

⁽²⁾ Includes the embedded derivative liabilities of \$6,043 million related to RILA and \$863 million related to fixed index annuities, both included in other contract holder funds on the Condensed Consolidated Balance Sheets.

⁽³⁾ Includes the Athene embedded derivative asset of \$1,752 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)**Level 3 Assets and Liabilities by Price Source**

The table below presents the balances of Level 3 assets and liabilities measured at fair value with their corresponding pricing sources (in millions):

Assets	June 30, 2026		
	Total	Internal	External
Debt securities:			
Corporate	\$ 134	\$ 30	\$ 104
Other asset-backed securities	283	31	252
Equity securities	11	1	10
Mortgage loans	595	—	595
Limited partnerships	314	1	313
Policy loans	3,617	3,617	—
Reinsurance recoverable on market risk benefits	109	109	—
Market risk benefit assets	8,046	8,046	—
Total	<u>\$ 13,109</u>	<u>\$ 11,835</u>	<u>\$ 1,274</u>
Liabilities			
Funds withheld payable under reinsurance treaties ⁽¹⁾	2,155	2,155	—
Market risk benefit liabilities	3,368	3,368	—
Total	<u>\$ 5,523</u>	<u>\$ 5,523</u>	<u>\$ —</u>

⁽¹⁾ Includes the Athene Embedded Derivative asset of \$1,651 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

Assets	December 31, 2025		
	Total	Internal	External
Debt securities:			
Corporate	\$ 346	\$ 31	\$ 315
Other asset-backed securities	426	84	342
Equity securities	7	1	6
Mortgage loans	324	—	324
Limited partnerships	250	1	249
Policy loans	3,537	3,537	—
Reinsurance recoverable on market risk benefits	118	118	—
Market risk benefit assets	7,867	7,867	—
Total	<u>\$ 12,875</u>	<u>\$ 11,639</u>	<u>\$ 1,236</u>
Liabilities			
Funds withheld payable under reinsurance treaties ⁽¹⁾	1,971	1,971	—
Market risk benefit liabilities	3,754	3,754	—
Total	<u>\$ 5,725</u>	<u>\$ 5,725</u>	<u>\$ —</u>

⁽¹⁾ Includes the Athene Embedded Derivative asset of \$1,752 million and funds withheld payable under reinsurance treaties at fair value under the fair value option.

External pricing sources for securities represent unadjusted prices from independent pricing services and independent indicative broker quotes where pricing inputs are not readily available.

Quantitative Information Regarding Internally-Priced Level 3 Assets and Liabilities

The table below presents quantitative information on internally-priced Level 3 assets and liabilities that use significant unobservable inputs (dollar amounts in millions):

As of June 30, 2026						
		Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Assumption or Input Range	Impact of Increase in Input on Fair Value
Assets						
Reinsurance recoverable on market risk benefits	\$ 109	Discounted cash flow	Mortality ⁽¹⁾	0.01% - 23.31%	Increase	
			Lapse ⁽²⁾	1.51% - 13.43%	Increase	
			Utilization ⁽³⁾	0.00% - 50.00%	Decrease	
			Withdrawal ⁽⁴⁾	41.00% - 48.50%	Decrease	
			Non-performance risk adjustment ⁽⁵⁾	0.26% - 1.11%	Increase	
			Long-term Equity Volatility ⁽⁶⁾	17.50% - 23.50%	Decrease	
Market risk benefit assets	\$ 8,046	Discounted cash flow	Mortality ⁽¹⁾	0.00% - 28.14%	Increase	
			Lapse ⁽²⁾	0.05% - 51.00%	Increase	
			Utilization ⁽³⁾	0.00% - 100.00%	Decrease	
			Withdrawal ⁽⁴⁾	4.15% - 100.00%	Decrease	
			Non-performance risk adjustment ⁽⁵⁾	0.72% - 1.90%	Increase	
			Long-term Equity Volatility ⁽⁶⁾	17.50% - 23.50%	Decrease	
Liabilities						
Market risk benefit liabilities	\$ 3,368	Discounted cash flow	Mortality ⁽¹⁾	0.00% - 28.14%	Decrease	
			Lapse ⁽²⁾	0.05% - 51.00%	Decrease	
			Utilization ⁽³⁾	0.00% - 100.00%	Increase	
			Withdrawal ⁽⁴⁾	4.15% - 100.00%	Increase	
			Non-performance risk adjustment ⁽⁵⁾	0.72% - 1.90%	Decrease	
			Long-term Equity Volatility ⁽⁶⁾	17.50% - 23.50%	Increase	

- (1) Mortality rates vary by attained age, guaranteed benefit election, and duration. The range displayed reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.
- (2) Base lapse rates vary by contract-level factors, such as product type, surrender charge schedule and guaranteed benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse rates applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.
- (3) The utilization rate represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.
- (4) The withdrawal rate represents the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type, duration, and GMAB election. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.
- (5) Non-performance risk adjustment is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.
- (6) Long-term equity volatility represents the equity volatility beyond the period for which observable equity volatilities are available.

As of December 31, 2025						
	Fair Value	Valuation Technique(s)	Significant Unobservable Input(s)	Assumption or Input Range	Impact of Increase in Input on Fair Value	
Assets						
Reinsurance recoverable on market risk benefits	\$ 118	Discounted cash flow	Mortality ⁽¹⁾	0.01% - 23.31%	Increase	
			Lapse ⁽²⁾	1.51% - 13.43%	Increase	
			Utilization ⁽³⁾	0.00% - 50.00%	Decrease	
			Withdrawal ⁽⁴⁾	41.00% - 48.50%	Decrease	
			Non-performance risk adjustment ⁽⁵⁾	0.30% - 1.09%	Increase	
			Long-term Equity Volatility ⁽⁶⁾	17.50% - 23.50%	Decrease	
Market risk benefit assets	\$ 7,867	Discounted cash flow	Mortality ⁽¹⁾	0.00% - 28.14%	Increase	
			Lapse ⁽²⁾	0.05% - 51.00%	Increase	
			Utilization ⁽³⁾	0.00% - 100.00%	Decrease	
			Withdrawal ⁽⁴⁾	4.15% - 100.00%	Decrease	
			Non-performance risk adjustment ⁽⁵⁾	0.57% - 1.67%	Increase	
			Long-term Equity Volatility ⁽⁶⁾	17.50% - 23.50%	Decrease	
Liabilities						
Market risk benefit liabilities	\$ 3,754	Discounted cash flow	Mortality ⁽¹⁾	0.00% - 28.14%	Decrease	
			Lapse ⁽²⁾	0.05% - 51.00%	Decrease	
			Utilization ⁽³⁾	0.00% - 100.00%	Increase	
			Withdrawal ⁽⁴⁾	4.15% - 100.00%	Increase	
			Non-performance risk adjustment ⁽⁵⁾	0.57% - 1.67%	Decrease	
			Long-term Equity Volatility ⁽⁶⁾	17.50% - 23.50%	Increase	

- (1) Mortality rates vary by attained age, guaranteed benefit election, and duration. The range displayed reflects ages from the minimum issue age for the benefit through age 95, which corresponds to the typical maturity age. A mortality improvement assumption is also applied.
- (2) Base lapse rates vary by contract-level factors, such as product type, surrender charge schedule and guaranteed benefits election. Lapse rates are further adjusted based on the degree to which a guaranteed benefit is in-the-money, with lower lapse rates applying when benefits are more in-the-money. Lapse rates are also adjusted to reflect lower lapse expectations when guaranteed benefits are utilized.
- (3) The utilization rate represents the expected percentage of contracts that will utilize the benefit through annuitization (GMIB) or commencement of withdrawals (GMWB). Utilization may vary by benefit type, attained age, duration, tax qualification status, benefit provision, and degree to which the guaranteed benefit is in-the-money.
- (4) The withdrawal rate represents the percentage of annual withdrawal assumed relative to the maximum allowable withdrawal amount under the free partial withdrawal provision or the GMWB, as applicable. Free partial withdrawal rates vary based on the product type, duration, and GMAB election. Withdrawal rates on contracts with a GMWB vary based on attained age, tax qualification status, GMWB type and GMWB benefit provisions.
- (5) Non-performance risk adjustment is applied as a spread over the risk-free rate to determine the rate used to discount the related cash flows and varies by projection year.
- (6) Long-term equity volatility represents the equity volatility beyond the period for which observable equity volatilities are available.

Sensitivity to Changes in Unobservable Inputs

The following is a general description of sensitivities of significant unobservable inputs and their impact on the fair value measurement for the assets and liabilities reflected in the tables above.

- Investments: At June 30, 2026 and December 31, 2025, \$63 million and \$117 million, respectively, of debt securities, equity securities, and limited partnerships are fair valued using techniques incorporating unobservable inputs and are classified in Level 3 of the fair value hierarchy. For these assets, their unobservable inputs and ranges of possible inputs do not materially affect their fair valuations and have been excluded from the quantitative information in the tables above.
- Policy Loans: Policy loans that support funds withheld reinsurance agreements that are held at fair value under the fair value option on the Company's Condensed Consolidated Balance Sheets are excluded from the tables above. These policy loans do not have a stated maturity and the balances, plus accrued investment income, are repaid either by the policyholder or with proceeds from the policy. Due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans, which includes accrued investment income, approximates fair value and is classified as Level 3 within the fair value hierarchy.
- Funds Withheld Payable:
 - Under the Reassure America Life Insurance Company reinsurance treaties, fair value is determined based upon the fair value of the funds withheld investments held by the Company and is excluded from the tables above.
 - Under the Athene reinsurance treaty, the calculation includes the Athene embedded derivative that is measured at fair value. The valuation of the embedded derivative utilizes a total return swap technique that incorporates the fair value of the invested assets supporting the reinsurance agreement as a component of the valuation and is excluded from the tables above.

As a result, these valuations require certain significant inputs that are generally not observable and, accordingly, the valuation is considered Level 3 in the fair value hierarchy.

- GMIB reinsurance recoverable: fair value calculation is based on the present value of future cash flows comprised of future expected reinsurance benefit receipts, less future attributed premium payments to reinsurers, over the lives of the contracts. Estimating these cash flows requires actuarially determined assumptions related to expectations concerning policyholder behavior and long-term market volatility. The more significant policyholder behavior actuarial assumptions include benefit utilization, lapse, and mortality.
- MRB asset and liability: fair value calculation is based on the present value of future cash flows comprised of future expected benefit payments, less future attributed fees (if applicable), over the lives of the contracts. Estimating these cash flows requires numerous estimates and subjective judgments related to capital market inputs, as well as actuarially determined assumptions related to expectations concerning policyholder behavior. The more significant actuarial assumptions include benefit utilization by policyholders, lapse, mortality, and withdrawal rates. Best estimate assumptions plus risk margins are used as applicable.

The tables below (in millions) provide roll-forwards for the three and six months ended June 30, 2026 and 2025 of the financial instruments for which significant unobservable inputs (Level 3) are used in the fair value measurement. Gains and losses in the tables below include changes in fair value due partly to observable and unobservable factors. The Company utilizes derivative instruments to manage the risk associated with certain assets and liabilities. However, the derivative instruments hedging the related risks may not be classified within the same fair value hierarchy level as the associated assets and liabilities. Therefore, the impact of the derivative instruments reported in Level 3 may vary significantly from the total income effect of the hedged instruments.

	Total Realized/Unrealized Gains (Losses) Included in						Fair Value as of June 30, 2026
	Fair Value as of April 1, 2026	Net Income (Loss)	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements	Transfers in and/or (out of) Level 3		
	Three Months Ended June 30, 2026						
Assets							
Debt securities							
Corporate securities	\$ 145	\$ 1	\$ —	\$ 6	\$ (18)		134
Other asset-backed securities	278	—	(2)	(6)	13		283
Equity securities	9	2	—	—	—		11
Mortgage loans	196	(3)	—	402	—		595
Limited partnerships	276	16	—	2	20		314
Policy loans	3,556	85	—	(24)	—		3,617
Reinsurance recoverable on market risk benefits	121	(12)	—	—	—		109
Market risk benefit assets	6,701	1,345	—	—	—		8,046
Liabilities							
Funds withheld payable under reinsurance treaties	(1,979)	(199)	—	23	—		(2,155)
Market risk benefit liabilities	(3,971)	720	(63)	(54)	—		(3,368)

	Total Realized/Unrealized Gains (Losses) Included in						
	Fair Value as of April 1, 2025	Net Income (Loss)	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements	Transfers in and/or (out of) Level 3	Fair Value as of June 30, 2025	
Three Months Ended June 30, 2025							
Assets							
Debt securities							
Corporate securities	\$ 300	\$ 10	\$ (1)	\$ 62	\$ 3		\$ 374
Other asset-backed securities	791	(52)	30	141	(58)		852
Equity securities	7	—	—	—	—		7
Mortgage loans	451	3	—	(61)	—		393
Limited partnerships	203	2	—	—	—		205
Policy loans	3,492	81	—	(33)	—		3,540
Reinsurance recoverable on market risk benefits	126	(15)	—	—	—		111
Market risk benefit assets	7,326	1,395	—	—	—		8,721
Liabilities							
Funds withheld payable under reinsurance treaties	(1,560)	(211)	—	(13)	—		(1,784)
Market risk benefit liabilities	(4,125)	823	(267)	—	—		(3,569)

	Total Realized/Unrealized Gains (Losses) Included in			Purchases, Sales, Issuances and Settlements	Transfers in and/or (out of) Level 3	Fair Value as of June 30, 2026
	Fair Value as of January 1, 2026	Net Income (Loss)	Other Comprehensive Income (Loss)			
Six Months Ended June 30, 2026						
Assets						
Debt securities						
Corporate securities	\$ 346	\$ 3	\$ 2	\$ (184)	\$ (33)	134
Other asset-backed securities	426	(17)	(7)	(54)	(65)	283
Equity securities	7	4	—	—	—	11
Mortgage loans	324	(1)	—	272	—	595
Limited partnerships	250	20	—	15	29	314
Policy loans	3,537	73	—	7	—	3,617
Reinsurance recoverable on market risk benefits	118	(9)	—	—	—	109
Market risk benefit assets	7,867	179	—	—	—	8,046
Liabilities						
Funds withheld payable under reinsurance treaties	(1,971)	(175)	—	(9)	—	(2,155)
Market risk benefit liabilities	(3,754)	213	270	(97)	—	(3,368)

		Total Realized/Unrealized Gains (Losses) Included in						
		Fair Value as of January 1, 2025	Net Income (Loss)	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements	Transfers in and/or (out of) Level 3	Fair Value as of June 30, 2025	
Six Months Ended June 30, 2025								
Assets								
Debt securities								
	Public utilities	\$ 44	\$ —	\$ —	\$ (44)	\$ —	\$ —	
	Corporate securities	274	10	3	89	(2)	374	
	Other asset-backed securities	661	(52)	28	152	63	852	
	Equity securities	7	—	—	—	—	7	
	Mortgage loans	449	7	—	(63)	—	393	
	Limited partnerships	195	9	—	1	—	205	
	Policy loans	3,489	71	—	(20)	—	3,540	
	Reinsurance recoverable on market risk benefits	121	(10)	—	—	—	111	
	Market risk benefit assets	8,899	(178)	—	—	—	8,721	
Liabilities								
	Funds withheld payable under reinsurance treaties	(1,353)	(404)	—	(27)	—	(1,784)	
	Market risk benefit liabilities	(3,774)	145	60	—	—	(3,569)	

The components of the amounts included in purchases, sales, issuances and settlements for the three and six months ended June 30, 2026 and 2025 shown above are as follows (in millions):

Three Months Ended June 30, 2026	Purchases	Sales	Issuances	Settlements	Total
Assets					
Debt securities					
Corporate securities	\$ 10	\$ (4)	\$ —	\$ —	\$ 6
Other asset-backed securities	—	(6)	—	—	(6)
Mortgage loans	440	(38)	—	—	402
Limited partnerships	2	—	—	—	2
Policy loans	—	—	11	(35)	(24)
Total	<u>\$ 452</u>	<u>\$ (48)</u>	<u>\$ 11</u>	<u>\$ (35)</u>	<u>\$ 380</u>
Liabilities					
Funds withheld payable under reinsurance treaties	\$ —	\$ —	\$ (187)	\$ 210	\$ 23
Market risk benefit liabilities	—	—	(54)	—	(54)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (241)</u>	<u>\$ 210</u>	<u>\$ (31)</u>
Three Months Ended June 30, 2025					
Assets					
Debt securities					
Corporate securities	\$ 79	\$ (17)	\$ —	\$ —	\$ 62
Other asset-backed securities	176	(35)	—	—	141
Mortgage loans	18	(79)	—	—	(61)
Policy loans	—	—	11	(44)	(33)
Total	<u>\$ 273</u>	<u>\$ (131)</u>	<u>\$ 11</u>	<u>\$ (44)</u>	<u>\$ 109</u>
Liabilities					
Funds withheld payable under reinsurance treaties	—	—	(262)	249	(13)

Six Months Ended June 30, 2026	Purchases	Sales	Issuances	Settlements	Total
Assets					
Debt securities					
Corporate securities	\$ 11	\$ (195)	\$ —	\$ —	\$ (184)
Other asset-backed securities	76	(130)	—	—	(54)
Mortgage loans	460	(188)	—	—	272
Limited partnerships	15	—	—	—	15
Policy loans	—	—	89	(82)	7
Total	<u>\$ 562</u>	<u>\$ (513)</u>	<u>\$ 89</u>	<u>\$ (82)</u>	<u>\$ 56</u>
Liabilities					
Funds withheld payable under reinsurance treaties	\$ —	\$ —	\$ (371)	\$ 362	\$ (9)
Market risk benefit liabilities	—	—	(97)	—	(97)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (468)</u>	<u>\$ 362</u>	<u>\$ (106)</u>
Six Months Ended June 30, 2025					
	Purchases	Sales	Issuances	Settlements	Total
Assets					
Debt securities					
Public utilities	\$ —	\$ (44)	\$ —	\$ —	\$ (44)
Corporate securities	183	(94)	—	—	89
Other asset-backed securities	334	(182)	—	—	152
Mortgage loans	99	(162)	—	—	(63)
Limited partnerships	1	—	—	—	1
Policy loans	—	—	72	(92)	(20)
Total	<u>\$ 617</u>	<u>\$ (482)</u>	<u>\$ 72</u>	<u>\$ (92)</u>	<u>\$ 115</u>
Liabilities					
Funds withheld payable under reinsurance treaties	\$ —	\$ —	\$ (378)	\$ 351	\$ (27)

For the three and six months ended June 30, 2026, transfers from Level 3 to Level 2 of the fair value hierarchy were \$70 million and \$105 million, transfers from Level 2 to Level 3 were \$65 million and \$7 million, and transfers from NAV to Level 3 were \$20 million and \$29 million.

For the three and six months ended June 30, 2025, transfers from Level 3 to Level 2 of the fair value hierarchy were \$46 million and \$104 million, transfers from Level 2 to Level 3 were \$(9) million and \$165 million, and transfers from NAV to Level 3 were nil and nil.

The portion of gains (losses) included in net income (loss) or OCI attributable to the change in unrealized gains and losses on Level 3 financial instruments still held was as follows (in millions):

	Three Months Ended June 30,			
	2026		2025	
	Included in Net Income	Included in OCI	Included in Net Income	Included in OCI
Assets				
Debt securities				
Corporate securities	\$ 1	\$ —	\$ 7	\$ (2)
Other asset-backed securities	—	(1)	(51)	30
Equity securities	3	—	—	—
Mortgage loans	(3)	—	3	—
Limited partnerships	19	—	2	—
Policy loans	85	—	81	—
Reinsurance recoverable on market risk benefits	(12)	—	(15)	—
Market risk benefit assets	1,345	—	1,395	—
Liabilities				
Funds withheld payable under reinsurance treaties	(199)	—	(211)	—
Market risk benefit liabilities	720	(63)	823	(267)

	Six Months Ended June 30,			
	2026		2025	
	Included in Net Income	Included in OCI	Included in Net Income	Included in OCI
Assets				
Debt securities				
Corporate securities	\$ 3	\$ (4)	\$ 7	\$ 2
Other asset-backed securities	(17)	(7)	(51)	27
Equity securities	3	—	—	—
Mortgage loans	(2)	—	7	—
Limited partnerships	20	—	9	—
Policy loans	73	—	71	—
Reinsurance recoverable on market risk benefits	(9)	—	(10)	—
Market risk benefit assets	179	—	(178)	—
Liabilities				
Funds withheld payable under reinsurance treaties	(175)	—	(404)	—
Market risk benefit liabilities	213	270	145	60

Fair Value of Financial Instruments Carried at Other Than Fair Value

The table below presents the carrying amount and fair value by fair value hierarchy level of certain financial instruments that are not reported at fair value (in millions):

	June 30, 2026					
	Carrying Value	Fair Value				
		Total	Level 1	Level 2	Level 3	
Assets						
Mortgage loans	\$ 10,414	\$ 10,130	\$ —	\$ —	\$ 10,130	
Policy loans	867	867	—	—	867	
FHLBI capital stock	87	87	87	—	—	
Liabilities						
Annuity reserves ⁽¹⁾	\$ 42,563	\$ 40,777	\$ —	\$ —	\$ 40,777	
Guaranteed investment contracts and funding agreements ⁽²⁾	11,018	10,865	—	—	10,865	
Funds withheld payable under reinsurance treaties	11,935	11,935	—	—	11,935	
Debt	2,769	2,588	—	2,588	—	
Securities lending payable ⁽³⁾	77	77	—	77	—	
Repurchase agreements ⁽³⁾	400	400	—	400	—	
Separate account liabilities ⁽⁵⁾	245,387	245,387	—	245,387	—	
December 31, 2025						
	Carrying Value	Fair Value				
		Total	Level 1	Level 2	Level 3	
Assets						
Mortgage loans	\$ 9,887	\$ 9,624	\$ —	\$ —	\$ 9,624	
Policy loans	889	889	—	—	889	
FHLBI capital stock	119	119	119	—	—	
Liabilities						
Annuity reserves ⁽¹⁾	\$ 39,059	\$ 38,552	\$ —	\$ —	\$ 38,552	
Guaranteed investment contracts and funding agreements ⁽²⁾	11,021	11,077	—	—	11,077	
Funds withheld payable under reinsurance treaties	12,989	12,989	—	—	12,989	
Debt	2,030	1,877	—	1,877	—	
Securities lending payable ⁽³⁾	35	35	—	35	—	
Repurchase agreements ⁽³⁾	1,001	1,001	—	1,001	—	
Separate account liabilities ⁽⁵⁾	236,496	236,496	—	236,496	—	

⁽¹⁾ Annuity reserves represent only the components of other contract holder funds that are considered to be financial instruments.

⁽²⁾ Included as a component of other contract holder funds on the Condensed Consolidated Balance Sheets.

⁽³⁾ Included as a component of repurchase agreements and securities lending payable on the Condensed Consolidated Balance Sheets.

⁽⁴⁾ Included as a component of other liabilities on the Condensed Consolidated Balance Sheets.

⁽⁵⁾ The values of separate account liabilities are set equal to the values of separate account assets.

The following is a discussion of the methodologies used to determine fair values of the financial instruments that are not reported at fair value as shown in the table above:

- **Mortgage Loans:** Fair values are generally determined by discounting expected future cash flows at current market interest rates, inclusive of a credit spread, for similar quality loans. For loans whose value is dependent on the underlying property, fair value is the estimated value of the collateral. Certain characteristics considered significant in determining the spread or collateral value may be based on internally developed estimates. As a result, these investments have been classified as Level 3 within the fair value hierarchy.

Mortgage loans held under a funds withheld reinsurance agreement are valued using third-party pricing services, which may use economic inputs, geographical information, and property specific assumptions in deriving the fair value price. The Company reviews the valuations from these pricing providers to ensure they are reasonable. Due to lack of observable inputs, these investments have been classified as Level 3 within the fair value hierarchy.

- **Policy Loans:** As described under “Policy Loans” in *Note 4 – Investments of these Notes to Condensed Consolidated Financial Statements*, due to the collateralized nature of policy loans and unpredictable timing of payments, the Company believes the carrying value of policy loans approximates fair value. The non-reinsurance related component of policy loans has been classified as Level 3 within the fair value hierarchy.
- **FHLBI Capital Stock:** FHLBI capital stock, which is included in other invested assets, can only be sold to FHLBI at a constant price of \$100 per share. Due to the lack of valuation uncertainty, the investment has been classified as Level 1.
- **Other Contract Holder Funds:** Fair values for immediate annuities without mortality features are derived by discounting the future estimated cash flows using current market interest rates for similar maturities. Fair values for deferred annuities, including the fixed option on variable annuities, fixed annuities, fixed index annuities and RILAs, are determined using projected future cash flows discounted at current market interest rates.

Fair values for guaranteed investment contracts and funding agreements are based on the present value of future cash flows discounted at current market interest rates.

- **Funds Withheld Payable Under Reinsurance Treaties:** The fair value of the funds withheld payable is equal to the fair value of the assets held as collateral, which primarily consists of bonds, mortgages, limited partnerships, and cash and cash equivalents. The fair value of the assets generally uses industry standard valuation techniques as described above and the funds withheld payable components are valued consistent with the assets in the fair value hierarchy and the funds withheld payable is classified in its entirety according to the lowest level input that is significant to the determination of the fair value. The funds withheld payable is classified as Level 3 within the fair value hierarchy.
- **Debt:** Fair values for the Company’s surplus notes and debt are generally determined by prices obtained from independent broker dealers or discounted cash flow models. Such prices are derived from market observable inputs and are classified as Level 2.
- **Securities Lending Payable:** The Company’s securities lending payable is set equal to the cash collateral received. Due to the short-term nature of the loans, carrying value is a reasonable estimate of fair value and is classified as Level 2.
- **FHLB Advances:** Carrying value of the Company’s FHLB advances, which are included in other liabilities, is considered a reasonable estimate of fair value due to their short-term maturities and are classified as Level 2.
- **Repurchase Agreements:** Carrying value of the Company’s repurchase agreements is considered a reasonable estimate of fair value due to their short-term maturities and are classified as Level 2.
- **Separate Account Liabilities:** The values of separate account liabilities are set equal to the values of separate account assets, which are comprised of investments in mutual funds that transact regularly, but do not trade in active markets as they are not publicly available and are categorized as Level 2.

7. Deferred Acquisition Costs

Certain costs directly related to the successful acquisition of new or renewal insurance business are capitalized as deferred acquisition costs ("DAC") in the period in which they are incurred. These costs primarily pertain to commissions and certain costs associated with policy issuance and underwriting. All other acquisition costs are expensed as incurred.

Contracts are grouped into cohorts by contract type and issue year. For traditional and limited-payment insurance contracts, contracts are grouped consistent with the groupings used in estimating the associated liability. DAC are amortized into expense on a constant level basis over the expected term of the grouped contracts. For traditional and limited-payment insurance contracts, amortization is determined based on projected in force amounts. For non-traditional contracts, amortization is determined based on projected policy counts.

The expected term used to amortize DAC is determined using best estimate assumptions, including mortality and persistency, consistent with the best estimate assumptions used to determine the reserve for future policy benefits, MRBs, and additional liabilities for applicable contracts. For amortization of DAC related to contracts without these balances, assumptions used to determine expected term are developed in a similar manner. The amortization rate is determined using all information available as of the end of the reporting period, including actual experience and any assumption updates. Annually, or as circumstances warrant, a comprehensive review of assumptions is conducted, and assumptions are revised as appropriate. If assumptions are revised, the amortization rate is calculated using revised assumptions such that the effect of revised assumptions is recognized prospectively as of the beginning of that reporting period.

Unamortized DAC are written off when a contract is internally replaced and substantially changed. Substantially unchanged contracts are treated as a continuation of the replaced contract, with no change to the unamortized DAC at the time of the replacement.

The following table presents the roll-forward of the DAC (in millions). The current period amortization is based on the end of the period estimates of mortality and persistency. The amortization pattern is revised on a prospective basis at the beginning of the period based on the period's actual experience.

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Variable Annuities		
Balance, beginning of period	\$ 10,810	\$ 11,314
Deferrals of acquisition costs	308	526
Amortization	(508)	(1,030)
Variable Annuities balance, end of period	\$ 10,610	\$ 10,810
RILA		
Balance, beginning of period	\$ 637	\$ 399
Deferrals of acquisition costs	183	294
Amortization	(43)	(56)
RILA balance, end of period	\$ 777	\$ 637
Reconciliation of total DAC		
Variable Annuities balance, end of period	\$ 10,610	\$ 10,810
RILA balance, end of period	777	637
Other product lines, end of period	268	213
Total balance, end of period	<u>\$ 11,655</u>	<u>\$ 11,660</u>

8. Reinsurance

The Company, through its subsidiary insurance companies, assumes and cedes reinsurance from and to other insurance companies as a means of managing capital and risk exposures. However, if the reinsurer is unable to meet its obligations, the originating issuer of the coverage retains the liability. The Company reinsures certain of its risks to other reinsurers on a coinsurance, coinsurance with funds withheld, modified coinsurance, or yearly renewable term basis. The Company regularly monitors the financial strength ratings of its reinsurers.

Athene Reinsurance

The Company entered into a funds withheld coinsurance agreement with Athene effective June 1, 2020, to reinsure on a 100% quota share basis, a block of Jackson's in-force fixed and fixed-index annuity product liabilities in exchange for a \$1.2 billion ceding commission. The coinsurance with funds withheld agreement ("the coinsurance agreement") required Jackson to establish a segregated account in which the investments supporting the ceded obligations are maintained. While the economic benefits of the investments flow to Athene, Jackson retains physical possession and legal ownership of the investments supporting the reserve. Further, the investments in the segregated account are not available to settle any policyholder obligations other than those specifically covered by the coinsurance agreement and are not available to settle obligations to general creditors of Jackson. The profit and loss with respect to obligations ceded to Athene are included in periodic net settlements pursuant to the coinsurance agreement. To further support its obligations under the coinsurance agreement, Athene procured \$1.1 billion in letters of credit for Jackson's benefit and established a trust account for Jackson's benefit, which had a book value of approximately \$57 million at June 30, 2026.

Swiss Re Reinsurance

Jackson has three retrocession reinsurance agreements ("retro treaties") with Swiss Reinsurance Company Ltd. ("SRZ"). Pursuant to these retro treaties, Jackson ceded certain blocks of business to SRZ on a 100% coinsurance with funds withheld basis, subject to pre-existing reinsurance with other parties. As a result of the reinsurance agreements with SRZ, Jackson withholds certain assets, primarily in the form of policy loans and debt securities, as collateral for the reinsurance recoverable.

The Company has also acquired certain blocks of business that are closed to new business and wholly ceded to non-affiliates. These include both direct and assumed accident and health businesses, direct and assumed life insurance business, and certain institutional annuities.

GMIB Reinsurance

The Company's guaranteed minimum income benefits ("GMIBs") are reinsured with an unrelated party. GMIB reinsured benefits are subject to aggregate annual claim limits. Deductibles also apply on reinsurance of GMIB business issued since March 1, 2005. The Company discontinued offering the GMIB in 2009.

Reinsurance Recoverables and Reinsured Market Risk Benefits

Ceded reinsurance agreements are reported on a gross basis on the Company's Condensed Consolidated Balance Sheets as an asset for amounts recoverable from reinsurers or as a component of other assets or liabilities for amounts, such as premiums, owed to or due from reinsurers.

Reinsurance recoverables relating to reinsurance of traditional and limited-payment contracts are required to be recognized and measured in a manner consistent with liabilities relating to the underlying reinsured contracts, including using consistent assumptions. Reinsurance contracts may be executed subsequent to the direct contract issue dates, and market interest rates may have changed between the date that the underlying insurance contracts were issued and the date the reinsurance contract is recognized in the financial statements, resulting in the underlying discount rate differing between the direct and reinsured business.

The Company regularly monitors the financial strength ratings of its reinsurers. At June 30, 2026 and December 31, 2025, the Company had an ACL of \$31 million and \$30 million, respectively, on its reinsurance recoverables, which are reported net of ACL on the Condensed Consolidated Balance Sheets. The ACL considers the credit quality of the reinsurer and is generally determined based on probability of default and loss given default assumptions, after considering any applicable collateral arrangements.

For reinsurance recoverables that are collateralized, the amount of collateral is expected to be adjusted as necessary as a result of fair value changes in that collateral. If the fair value of the collateral at the reporting date is less than the carrying value of the reinsurance recoverable, the Company recognizes an ACL on the difference between the fair value of the collateral at the reporting date and the carrying value of the reinsurance recoverable. Additions to or releases of the ACL are reported in Death, other policyholder benefits, and changes in reserves, net of deferrals in the Condensed Consolidated Income Statements.

Reinsurance recoverable on market risk benefits is recognized at fair value with changes being recognized in current period earnings within market risk benefit (gains) losses, net. Non-performance risk of the reinsurer is incorporated into the calculation through the adjustment of the risk-free rate curve based on credit spreads observed on instruments issued by similarly-rated life insurance companies.

The Company's reinsurance contract that cedes only the GMIB elected on certain variable annuity products is classified as a reinsurance recoverable on market risk benefits. These reinsured MRBs may have direct MRB balances recorded as either assets or liabilities; however, because the unit of account for the reinsured MRB is the reinsurance contract, the ceded MRB is presented in total within reinsurance recoverable on market risk benefits. The fees used to determine the fair value of the reinsurance recoverable on market risk benefits are those defined in the reinsurance contract.

Guaranteed benefits related to the optional lifetime income rider offered on certain fixed index annuities are MRBs that are reinsured with Athene. The reinsured MRBs are measured using a non-option valuation approach that uses cash flow assumptions and an attributed fee ratio consistent with those used to measure the MRBs on the direct contract and a discount rate that considers the reinsurer's credit risk. The attributed fee is locked-in at inception of the contract.

Components of the Company's reinsurance recoverable excluding MRBs were as follows (in millions):

	June 30, 2026	December 31, 2025
Reserves:		
Life	\$ 5,052	\$ 5,164
Accident and health	489	525
Annuity benefits ⁽¹⁾	12,163	13,196
Claims liability and other	627	633
Total	<u>\$ 18,331</u>	<u>\$ 19,518</u>

⁽¹⁾ Other annuity benefits primarily attributable to fixed and fixed index annuities reinsured with Athene.

Components of the Company's reinsurance recoverable on market risk benefits were as follows (in millions):

	June 30, 2026	December 31, 2025
Variable annuity	\$ 29	\$ 41
Other product lines	80	77
Total	<u>\$ 109</u>	<u>\$ 118</u>

Reinsurance and Funds Withheld Payable Under Reinsurance Treaties

Under the reinsurance agreement with Athene and the retro treaties with SRZ, the Company maintains ownership of the underlying investments instead of transferring them to the reinsurer and, as a result, records a funds withheld liability payable to the reinsurer. Investment returns earned on withheld assets are paid by the Company to the reinsurer, pursuant to the terms of the agreements. Investment income and net gains (losses) on derivatives and investments are reported net of gains or losses on the funds withheld payable under reinsurance treaties.

The amounts credited to reinsurers on the funds withheld payable is based on the return earned on those assets. The return earned on the assets is subject to the credit risk of the original issuer of the instrument rather than Jackson's own creditworthiness, which results in an embedded derivative (total return swap).

Funds withheld under reinsurance agreement with Athene

The Company recognizes a liability for the embedded derivative related to the funds withheld under the Athene reinsurance agreement within funds withheld payable under reinsurance treaties on the Condensed Consolidated Balance Sheets. The embedded derivative is measured at fair value with changes in fair value reported in net gains (losses) on derivatives and investments in the Condensed Consolidated Income Statements. At inception of the reinsurance agreement with Athene, the fair value of the withheld investments differed from their book value and, accordingly, while the investments are held, the amortization of this difference is reported in net gains (losses) on derivatives and investments in the Condensed Consolidated Income Statements. *See Note 5 - Derivative Instruments of these Notes to Condensed Consolidated Financial Statements for more information on the embedded derivative.*

Funds withheld under reinsurance agreements with SRZ

At execution of the retro treaties with SRZ, the Company elected the fair value option for the withheld assets, as well as the related funds withheld payable. Accordingly, the embedded derivative is not bifurcated or separately measured. The funds withheld payable is measured at fair value with changes in fair value reported in net gains (losses) on derivatives and investments. The fair value of the funds withheld payable is equal to the fair value of the assets held as collateral.

The following assets and liabilities were held in support of reserves associated with the Company's funds withheld reinsurance agreements and were reported in the respective financial statement line items on the Condensed Consolidated Balance Sheets (in millions):

	June 30, 2026	December 31, 2025
Assets		
Debt securities, available-for-sale	\$ 6,870	\$ 7,947
Debt securities, at fair value under the fair value option	182	6
Equity securities	53	88
Mortgage loans	1,986	2,102
Mortgage loans, at fair value under the fair value option	595	324
Policy loans	3,628	3,548
Freestanding derivative instruments, net	6	(4)
Other invested assets	687	712
Cash and cash equivalents	129	375
Accrued investment income	83	92
Other assets and liabilities, net	91	5
Total assets ⁽¹⁾	<u>\$ 14,310</u>	<u>\$ 15,195</u>
Liabilities		
Funds held under reinsurance treaties ⁽²⁾	\$ 14,090	\$ 14,960
Total liabilities	<u>\$ 14,090</u>	<u>\$ 14,960</u>

⁽¹⁾ Certain assets are reported at amortized cost while the fair value of those assets is reported in the embedded derivative in the funds withheld liability.

⁽²⁾ Includes funds withheld embedded derivative asset (liability) of \$1,651 million and \$1,752 million at June 30, 2026 and December 31, 2025, respectively.

The sources of income related to funds withheld under reinsurance treaties reported in net investment income in the Condensed Consolidated Income Statements were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Debt securities ⁽¹⁾	\$ 82	\$ 94	\$ 169	\$ 194
Equity securities	—	1	(1)	1
Mortgage loans ⁽²⁾	27	41	53	84
Policy loans	86	83	173	166
Limited partnerships	15	17	23	27
Other investment income	2	3	5	7
Total investment income on funds withheld assets	212	239	422	479
Other investment expenses on funds withheld assets ⁽³⁾	(11)	(12)	(22)	(25)
Total net investment income on funds withheld reinsurance treaties	\$ 201	\$ 227	\$ 400	\$ 454

⁽¹⁾ Includes \$— million and \$— million for the three and six months ended June 30, 2026, respectively, and nil and \$1 million for the three and six months ended June 30, 2025, respectively, related to the change in fair value for securities carried under the fair value option.

⁽²⁾ Includes \$(3) million and \$(1) million for the three and six months ended June 30, 2026, respectively, and \$3 million and \$7 million for the three and six months ended June 30, 2025, respectively, related to the change in fair value for mortgage loans carried under the fair value option.

⁽³⁾ Includes management fees.

The gains and losses on funds withheld reinsurance treaties as a component of net gains (losses) on derivatives and investments in the Condensed Consolidated Income Statements were as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Available-for-sale securities				
Realized gains on sale	\$ 1	\$ 3	\$ 3	\$ 8
Realized losses on sale	(55)	(25)	(67)	(74)
Credit loss expense	1	(25)	(15)	(27)
Credit loss expense on mortgage loans	(2)	1	(7)	(3)
Other	(14)	15	(6)	22
Net gains (losses) on non-derivative investments	(69)	(31)	(92)	(74)
Net gains (losses) on derivative instruments	(2)	(49)	2	(66)
Net gains (losses) on funds withheld payable under reinsurance treaties ⁽¹⁾	(226)	(247)	(366)	(575)
Total net gains (losses) on derivatives and investments	\$ (297)	\$ (327)	\$ (456)	\$ (715)

⁽¹⁾ Includes the Athene embedded derivative gain (loss) of \$(115) million and \$(101) million for the three and six months ended June 30, 2026, respectively, and \$(130) million and \$(331) million for the three and six months ended June 30, 2025, respectively.

9. Reserves for Future Policy Benefits and Claims Payable

Reserves for Future Policy Benefits

For non-participating traditional and limited-payment insurance contracts, the reserve for future policy benefits represents the present value of estimated future policy benefits to be paid to or on behalf of policyholders in future periods and certain related expenses less the present value of estimated future net premiums.

Reserves for future policy benefits for non-participating traditional and limited-payment insurance contracts are measured using the net premium ratio ("NPR") measurement model. The NPR measurement model accrues for future policy benefits in proportion to the premium revenue recognized. The reserve for future policy benefits is derived from the Company's best estimate of future net premium and future benefits and expenses, which is based on best estimate assumptions including mortality, persistency, claims expense, and discount rate. On an annual basis, or as circumstances warrant, we conduct a comprehensive review of our current best estimate assumptions based on our experience, industry benchmarking, and other factors, as applicable. Expense assumptions are updated based on estimates of expected non-level costs, such as termination or settlement costs, and costs after the premium-paying period and exclude acquisition costs or any costs that are required to be charged to expenses as incurred. Updates to assumptions are applied on a retrospective basis, and the change in the reserve for future policy benefits resulting from updates to assumptions is reported separately in the Condensed Consolidated Income Statements within the (gain) loss from updating future policy benefits cash flow assumptions, net. The reserve for future policy benefits is updated each reporting period to reflect actual experience to date.

The Company establishes cohorts, which are groupings used to measure reserves for future policy benefits. In determining cohorts, the Company considers both qualitative and quantitative factors, including the issue year, type of product, product features, and legal entity.

The discount rate used to estimate reserves for future policy benefits is consistent with an upper-medium grade (low-credit risk) fixed-income corporate instrument yield, which has been interpreted to represent a single-A corporate instrument yield. This discount rate curve is determined by fitting a parametric function to yields to maturity and related times to maturity of market observable single-A rated corporate instruments. The discount rate used to recognize interest accretion on the reserves for future policy benefits is locked at the initial measurement of the cohort. Each reporting period thereafter, the reserve for future policy benefits is remeasured using the current discount rate. The difference between the reserve calculated using the current discount rate and the reserve calculated using the locked-in discount rate is recorded in OCI.

For limited-payment insurance contracts, premiums are paid over a period shorter than the period over which benefits are provided. Gross premiums received in excess of the net premium are deferred and recognized as a deferred profit liability ("DPL"). The DPL is included within the reserve for future policy benefits and profits are recognized in income as a component of benefit expenses on a constant relationship with the amount of expected future benefit payments. Interest is accreted on the balance of the DPL using the discount rate locked in at the initial measurement of the cohort. Measurement of the DPL uses best estimate assumptions for mortality. These assumptions are similarly subject to the annual review process discussed above.

Additional Liabilities – Universal Life-type

For universal life-type insurance contracts, a liability is recognized for the policyholder's account value as discussed further in *Note 10 - Other Contract Holder Funds of these Notes to Condensed Consolidated Financial Statements*. Where these contracts provide additional benefits beyond the account balance or base insurance coverage that are not market risk benefits or embedded derivatives, liabilities in addition to the policyholder's account value are recognized. These additional liabilities for annuitization, death and other insurance benefits are reported within reserves for future policy benefits and claims payable. The methodology uses a benefit ratio defined as a constant percentage of the assessment base. This ratio is multiplied by current period assessments to determine the reserve accrual for the period. The assumptions used in the measurement of the additional liabilities for annuitization, death and other insurance benefits are based on best estimate assumptions including mortality, persistency, investment returns, and discount rates. These assumptions are similarly subject to the annual review process discussed above. As available-for-sale debt securities are carried at fair value, an adjustment is made to these additional liabilities equal to the change in liability that would have occurred if such securities had been sold at their stated fair value and the proceeds reinvested at current yields. This adjustment, along with the change in net unrealized gains (losses) on available-for-sale debt securities, net of applicable tax, is credited or charged directly to equity as a component of OCI.

See Note 10 - Other Contract Holder Funds of these Notes to Condensed Consolidated Financial Statements for more information regarding other contract holder funds.

Other Future Policy Benefits and Claims Payable

In conjunction with a prior acquisition, the Company recorded a fair value adjustment at acquisition related to certain annuity and interest-sensitive liability blocks of business to reflect the cost of the interest guarantees within the in-force liabilities, based on the difference between the guaranteed interest rate and at purchase assumed new money guaranteed interest rate. This adjustment is included in other future policy benefits and claims payable as disclosed in the table below. This liability is remeasured at the end of each period, taking into account changes in the in-force block. Any resulting change in the liability is recorded as a gain (loss) from updating future policy benefits cash flow assumptions, net through the Condensed Consolidated Income Statements.

In addition, annuity and life claims liabilities in course of settlement are included in other future policy benefits and claims payable as disclosed in the table below.

The following table summarizes the Company's reserves for future policy benefits and claims payable balances (in millions):

	June 30, 2026	December 31, 2025
Reserves for future policy benefits		
Payout Annuities	\$ 1,172	\$ 1,169
Closed Block Life	3,410	3,580
Closed Block Annuity	3,466	3,647
Reserves for future policy benefits	8,048	8,396
Additional liabilities		
Closed Block Life	1,155	1,195
Other future policy benefits and claims payable	1,431	1,305
Reserves for future policy benefits and claims payable	\$ 10,634	\$ 10,896

The following tables present the roll-forward of components of reserves for future policy benefits (in millions):

	Present Value of Expected Net Premiums					
	Six Months Ended June 30,			Year Ended December 31,		
	2026			2025		
	Payout Annuities	Closed Block Life	Closed Block Annuity	Payout Annuities	Closed Block Life	Closed Block Annuity
Balance, beginning of period	\$ —	\$ 998	\$ —	\$ —	\$ 847	\$ —
Beginning of period cumulative effect of changes in discount rate assumptions	—	86	—	—	125	—
Beginning balance at original discount rate	—	1,084	—	—	972	—
Effect of changes in cash flow assumptions	—	—	—	—	232	—
Effect of actual variances from expected experience	—	(11)	—	—	(33)	—
Balance adjusted for variances from expectation	—	1,073	—	—	1,171	—
Issuances	—	2	—	—	2	—
Interest accrual	—	20	—	—	35	—
Net premiums collected	—	(63)	—	—	(124)	—
Ending balance at original discount rate	—	1,032	—	—	1,084	—
End of period cumulative effect of changes in discount rate assumptions	—	(95)	—	—	(86)	—
Balance, end of period	\$ —	\$ 937	\$ —	\$ —	\$ 998	\$ —

The effect of actual variances from expected experience of \$11 million and \$33 million for the six months ended June 30, 2026 and the year ended December 31, 2025, respectively, was mainly attributed to slightly lower actual premiums versus expected premiums related to our closed block products, which are mostly reinsured, resulting in an immaterial net impact to the reserve balance.

	Present Value of Expected Future Policy Benefits					
	Six Months Ended June 30,			Year Ended December 31,		
	2026			2025		
	Payout Annuities	Closed Block Life	Closed Block Annuity	Payout Annuities	Closed Block Life	Closed Block Annuity
Balance, beginning of period	\$ 1,169	\$ 4,578	\$ 3,647	\$ 1,095	\$ 4,425	\$ 3,837
Beginning of period cumulative effect of changes in discount rate assumptions	58	671	157	100	806	255
Beginning balance at original discount rate (including DPL of \$110, nil and \$546 in June 30, 2026, and \$91, nil and \$588 in December 31, 2025 for payout annuities, closed block life and closed block annuity, respectively)	1,227	5,249	3,804	1,195	5,231	4,092
Effect of changes in cash flow assumptions	—	—	—	(20)	414	(8)
Effect of actual variances from expected experience	(3)	15	2	(16)	(30)	6
Balance adjusted for variances from expectation	1,224	5,264	3,806	1,159	5,615	4,090
Issuances	76	5	—	171	8	—
Interest accrual	24	78	80	47	150	169
Benefits payments	(83)	(298)	(221)	(150)	(524)	(455)
Ending balance at original discount rate (including DPL of \$105, nil and \$523 in June 30, 2026, and \$110, nil and \$546 in December 31, 2025 for payout annuities, closed block life and closed block annuity, respectively)	1,241	5,049	3,665	1,227	5,249	3,804
End of period cumulative effect of changes in discount rate assumptions	(69)	(702)	(199)	(58)	(671)	(157)
Balance, end of period	\$ 1,172	\$ 4,347	\$ 3,466	\$ 1,169	\$ 4,578	\$ 3,647
Reserves for future policy benefits	1,172	3,410	3,466	1,169	3,580	3,647
Less: Reinsurance recoverable	136	1,927	4	128	2,012	4
Reserves for future policy benefits, after reinsurance recoverable	\$ 1,036	\$ 1,483	\$ 3,462	\$ 1,041	\$ 1,568	\$ 3,643

The following table presents the weighted average duration of the reserves for future policy benefits. The weighted average duration represents average cohort-level duration weighted by the benefit reserves amount:

	Payout Annuities	Closed Block Life	Closed Block Annuity
June 30, 2026			
Weighted average duration (years)	6.2	6.7	6.4
December 31, 2025			
Weighted average duration (years)	6.2	6.8	6.5

The discount rate assumption related to the single-A corporate instrument yield was updated based on current market data. Discount rates increased in 2026 compared to 2025, based on the duration of the liability. This resulted in a decrease in the liability. Refer to the roll-forward above for further details.

The following table presents the amount of undiscounted and discounted expected future gross premiums and expected future benefit payments for future policy benefits for non-participating traditional and limited-payment insurance contracts (in millions). The discounted premiums are calculated using the current discount rate, while the undiscounted cash flows represent the gross cash flows before any discounting is applied:

	June 30, 2026		December 31, 2025	
	Undiscounted	Discounted	Undiscounted	Discounted
Payout Annuities				
Expected future benefit payments	\$ 1,581	\$ 1,067	\$ 1,547	\$ 1,059
Expected future gross premiums	\$ —	\$ —	\$ —	\$ —
Closed Block Life				
Expected future benefit payments	\$ 6,580	\$ 4,464	\$ 6,875	\$ 4,696
Expected future gross premiums	\$ 3,620	\$ 2,278	\$ 3,810	\$ 2,429
Closed Block Annuity				
Expected future benefit payments	\$ 4,438	\$ 2,943	\$ 4,618	\$ 3,101
Expected future gross premiums	\$ —	\$ —	\$ —	\$ —

The following table presents the amount of revenue and interest related to non-participating traditional and limited-pay insurance contracts recognized in the Condensed Consolidated Income Statements (in millions):

	Gross Premiums		Interest Expense	
	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Payout Annuities	\$ 23	\$ 67	\$ 24	\$ 47
Closed Block Life	134	295	58	115
Closed Block Annuity	2	(2)	80	169
Total	\$ 159	\$ 360	\$ 162	\$ 331

The following table presents the weighted average interest rate for the reserves for future policy benefits at the cohort level for the locked-in discount rate (interest accretion rate), and current discount rate, weighted by the cohort's benefit reserve amount:

	June 30, 2026	December 31, 2025
Payout Annuities		
Interest accretion rate	4.35 %	4.26 %
Current discount rate	5.38 %	5.10 %
Closed Block Life		
Interest accretion rate	3.08 %	3.08 %
Current discount rate	5.49 %	5.31 %
Closed Block Annuity		
Interest accretion rate	4.40 %	4.40 %
Current discount rate	5.42 %	5.16 %

The following table presents a roll-forward of Closed Block Life additional liabilities for annuitization, death and other insurance benefits (in millions):

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Balance, beginning of period	\$ 1,195	\$ 1,184
Beginning of period cumulative effect of changes in shadow adjustments	14	23
Beginning balance excluding shadow	1,209	1,207
Effect of changes in cash flow assumptions	—	5
Effect of actual variances from expected experience	15	33
Interest accrual	29	58
Net assessments collected	(56)	(94)
Ending balance excluding shadow	1,197	1,209
End of period cumulative effect of changes in shadow adjustments	(42)	(14)
Balance, end of period	<u>\$ 1,155</u>	<u>\$ 1,195</u>

The following table presents the weighted average duration of Closed Block Life additional liabilities for annuitization, death and other insurance benefits. The weighted average duration represents average cohort-level duration weighted by the benefit reserves amount:

	June 30, 2026	December 31, 2025
Weighted average duration (years)	8.6	8.7

The following table presents assessments and interest expense of Closed Block Life additional liabilities for annuitization, death and other insurance benefits recognized in the Condensed Consolidated Income Statements (in millions):

	Assessments		Interest Expense	
	Six Months Ended June 30, 2026	Year Ended December 31, 2025	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Additional liability for annuitization, death and other insurance benefits	\$ (56)	\$ (94)	\$ 29	\$ 58

The following table presents the weighted average current discount rate of Closed Block Life additional liabilities for annuitization, death and other insurance benefits, applied at the cohort level weighted by reserve benefit amount:

	June 30, 2026	December 31, 2025
Weighted average current discount rate	5.00 %	5.00 %

10. Other Contract Holder Funds

Other contract holder funds represent the policyholder account balance on our universal life-type products, investment contracts, and the fair value of the embedded derivatives associated with the indexed crediting features on our fixed index annuities and RILA.

- Universal life-type products: Universal life-type contracts have, as a principal component, an account balance on which interest is credited to policyholders and assessments are deducted for mortality risk and contract administration. The account balance is recognized as a liability within other contract holder funds, and the liability is updated each period for fee and assessment deductions and increased for interest or returns credited to the account balance.

Certain of our universal life-type contracts contain features that are not classified as market risk benefits or embedded derivatives but provide additional benefits beyond the account balance or base insurance coverage for which a liability in addition to the account balance is necessary. These additional liabilities for death or other insurance benefits are reported as a component of reserves for future policy benefits and claims payable in the Condensed Consolidated Balance Sheets. *See Note 9 - Reserves for Future Policy Benefits and Claims Payable of these Notes to the Condensed Consolidated Financial Statements for more information regarding these additional liabilities.*

- Investment contracts: Certain contracts without significant mortality or morbidity risk and certain annuities that lack insurance risk are treated as investment contracts. For investment contracts, payments received are reported as liabilities and accounted for in a manner consistent with the accounting for interest-bearing or other financial instruments, within other contract holder funds.

The Company issues a variety of annuity products including variable annuities, registered index linked annuities, fixed annuities, fixed index annuities, and payout annuities. For annuity contracts that are classified as investment contracts, the liability is the account balance as of the reporting date, reported within the other contract holder funds. For the variable annuity products, only the allocations to fixed fund options are reported in other contract holder funds.

- Embedded derivatives - product liabilities: For our RILA and fixed index annuities, the equity-linked option issued by the Company is accounted for at fair value as an embedded derivative on the Company's Condensed Consolidated Balance Sheets as a component of other contract holder funds, with changes in fair value recorded in net income.

The fair value of the embedded derivative for the FIA and RILA products is determined using an option-budget method with capital market inputs of market index returns and discount rates as well as actuarial assumptions including lapse, mortality and withdrawal rates. We typically update our actuarial assumptions annually, unless a material change is observed in an interim period that we feel is indicative of a long-term trend.

Our annuity products may contain certain features or guarantees that are classified as MRBs. These market risk benefits are a component of the market risk benefits line items in the Condensed Consolidated Balance Sheets. *See Note 12 - Market Risk Benefits of these Notes to Condensed Consolidated Financial Statements for more information regarding market risk benefits.*

The Company's institutional products business is comprised of the guaranteed investment contracts, funding agreements backed by medium-term notes ("FABN funding agreements"), funding agreements backed by commercial paper ("FABCP funding agreements"), and funding agreements issued in conjunction with the Company's participation in the U.S. Federal Home Loan Bank ("FHLB") program ("FHLB funding agreements") described below.

- FABN funding agreements: Jackson has established a funding agreement-backed note ("FABN") program, pursuant to which a special purpose statutory business trust may issue medium-term notes and deposit the proceeds with Jackson pursuant to a funding agreement issued by Jackson to the trust. The JNL board approved during its May meeting a \$15.0 billion Global Debt Issuance program under which capacity will renew as notes mature (which differs from the way we had previously administered the program, where capacity did not renew as notes matured). The carrying values of the FABN funding agreements at June 30, 2026 and December 31, 2025 totaled \$7.6 billion and \$8.0 billion, respectively.

Liabilities for foreign currency denominated FABN funding agreements are adjusted to reflect the effects of foreign currency translation gains and losses using exchange rates as of the reporting date. Foreign currency translation gains and losses are included in net gains (losses) on derivatives and investments. FABN funding agreements issued in a foreign currency have been hedged for changes in exchange rates using cross-currency swaps.

- FABCP funding agreements: In the second quarter of 2025, Jackson established an FABCP funding agreement program, pursuant to which a special purpose limited liability company may issue commercial paper and deposit the proceeds with Jackson under funding agreements issued by Jackson to the limited liability company. The current maximum aggregate principal amount permitted to be outstanding at any one time under the program is \$3.0 billion. As of June 30, 2026, the Company had \$1.1 billion outstanding under the program.
- FHLB funding agreements: Jackson is a member of the FHLBI primarily for the purpose of participating in the bank's mortgage-collateralized loan advance program with long-term funding facilities. Advances are in the form of funding agreements issued to, and short-term and long-term borrowings from, FHLBI. At June 30, 2026 and December 31, 2025, the Company held \$87 million and \$119 million of FHLBI capital stock, respectively, supporting \$1.9 billion in FHLB funding agreements and short-term and long-term borrowings at both June 30, 2026 and December 31, 2025. At June 30, 2026 and December 31, 2025, the FHLB funding agreements and short-term and long-term borrowings were collateralized by mortgage-related securities and commercial mortgage loans with a carrying value of \$2.9 billion and \$2.8 billion, respectively.

The following table presents the liabilities for other contract holder funds (in millions):

	June 30, 2026	December 31, 2025
Variable Annuity	\$ 6,065	\$ 6,351
RILA	26,149	20,282
Fixed Annuity	9,221	9,494
Fixed Index Annuities	8,549	7,946
Payout Annuity	826	854
Closed Block Life	10,281	10,494
Closed Block Annuity	1,015	1,057
Institutional Products	11,018	11,021
Other Product Lines	161	164
Total other contract holder funds	\$ 73,285	\$ 67,663

The following table presents a roll-forward of other contract holder funds, gross of reinsurance (in millions):

	Variable Annuity	RILA	Fixed Annuity	Fixed Index Annuities	Payout Annuity	Closed Block Life	Closed Block Annuity	Total
Balance as of January 1, 2026	\$ 6,351	\$ 20,282	\$ 9,494	\$ 7,946	\$ 854	\$ 10,494	\$ 1,057	\$ 56,478
Deposits	398	4,354	244	1,331	83	124	2	6,536
Surrenders, withdrawals and benefits	(1,141)	(366)	(626)	(760)	(125)	(398)	(63)	(3,479)
Net transfers from (to) separate accounts	402	—	—	—	—	—	—	402
Investment performance / change in value of equity option	—	1,830	—	57	—	—	—	1,887
Interest credited	78	47	177	82	14	313	19	730
Policy charges and other	(23)	2	(68)	(107)	—	(252)	—	(448)
Balance as of June 30, 2026	<u>\$ 6,065</u>	<u>\$ 26,149</u>	<u>\$ 9,221</u>	<u>\$ 8,549</u>	<u>\$ 826</u>	<u>\$ 10,281</u>	<u>\$ 1,015</u>	<u>\$ 62,106</u>

	Variable Annuity	RILA	Fixed Annuity	Fixed Index Annuities	Payout Annuity	Closed Block Life	Closed Block Annuity	Total
Balance as of January 1, 2025	\$ 7,206	\$ 11,685	\$ 9,615	\$ 8,515	\$ 844	\$ 10,750	\$ 1,149	\$ 49,764
Deposits	855	6,926	1,085	816	220	272	3	10,177
Surrenders, withdrawals and benefits	(2,204)	(399)	(1,392)	(1,596)	(238)	(655)	(132)	(6,616)
Net transfers from (to) separate accounts	372	—	—	—	—	—	—	372
Investment performance / change in value of equity option	—	2,002	—	156	—	—	—	2,158
Interest credited	182	66	350	150	28	631	38	1,445
Policy charges and other	(60)	2	(164)	(95)	—	(504)	(1)	(822)
Balance as of December 31, 2025	<u>\$ 6,351</u>	<u>\$ 20,282</u>	<u>\$ 9,494</u>	<u>\$ 7,946</u>	<u>\$ 854</u>	<u>\$ 10,494</u>	<u>\$ 1,057</u>	<u>\$ 56,478</u>

The following table presents weighted average crediting rate, net amount at risk, and cash surrender value of contract holder account balances (dollars in millions):

	Variable Annuity	RILA	Fixed Annuity	Fixed Index Annuities	Payout Annuity	Closed Block Life	Closed Block Annuity
June 30, 2026							
Weighted-average crediting rate ⁽¹⁾	2.57 %	0.36 %	3.84 %	1.92 %	3.39 %	6.09 %	3.74 %
Net amount at risk ⁽²⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,385	\$ —
Cash surrender value ⁽³⁾	\$ 5,980	\$ 25,911	\$ 9,000	\$ 8,319	\$ —	\$ 10,232	\$ 1,015
December 31, 2025							
Weighted-average crediting rate ⁽¹⁾	2.87 %	0.33 %	3.69 %	1.89 %	3.28 %	6.01 %	3.60 %
Net amount at risk ⁽²⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,750	\$ —
Cash surrender value ⁽³⁾	\$ 6,330	\$ 19,736	\$ 9,277	\$ 7,711	\$ —	\$ 10,445	\$ 1,057

⁽¹⁾ Weighted average crediting rate is the average crediting rate weighted by contract holder account balances invested in fixed account funds.

⁽²⁾ Net amount at risk represents the standard excess benefit base for guaranteed death benefits on universal life type products. The net amount at risk associated with market risk benefits are presented within *Note 12 - Market Risk Benefits of these Notes to Condensed Consolidated Financial Statements*.

⁽³⁾ Cash surrender value represents the amount of the contract holder's account balance distributable at the balance sheet date less the applicable surrender charges.

At June 30, 2026 and December 31, 2025, excluding reinsurance business, approximately 91% and 93%, respectively, of the Company's annuity account values correspond to crediting rates that are at the minimum guaranteed interest rates. At June 30, 2026 and December 31, 2025, excluding reinsurance business, approximately 82% and 82%, respectively, of the Company's closed block life account values correspond to crediting rates that are at the minimum guaranteed interest rates.

The following table presents contract holder account balances invested in fixed account funds by range of guaranteed minimum crediting rates and the related range of the difference between rates being credited to other contract holder funds and the respective guaranteed minimums (in millions):

Range of Guaranteed Minimum Crediting Rate	June 30, 2026				
	At Guaranteed Minimum	1 Basis Point-50 Basis Points Above	51 Basis Points-150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Variable Annuities					
0.00%-1.50%	\$ —	\$ —	\$ —	\$ —	\$ —
1.51%-2.50%	4,070	—	151	—	4,221
Greater than 2.50%	1,844	—	—	—	1,844
Total	\$ 5,914	\$ —	\$ 151	\$ —	\$ 6,065
RILA					
0.00%-1.50%	\$ 5	\$ —	\$ 3	\$ 2	\$ 10
1.51%-2.50%	—	—	37	—	37
Greater than 2.50%	127	119	—	—	246
Total	\$ 132	\$ 119	\$ 40	\$ 2	\$ 293
Fixed Annuities					
0.00%-1.50%	\$ 28	\$ 21	\$ 10	\$ 1	\$ 60
1.51%-2.50%	24	1	36	9	70
Greater than 2.50%	3,167	31	—	283	3,481
Total	\$ 3,219	\$ 53	\$ 46	\$ 293	\$ 3,611
Fixed Index Annuities					
0.00%-1.50%	\$ 3	\$ 11	\$ 2	\$ 26	\$ 42
1.51%-2.50%	—	44	—	24	68
Greater than 2.50%	33	15	67	44	159
Total	\$ 36	\$ 70	\$ 69	\$ 94	\$ 269
Closed Block Life					
0.00%-1.50%	\$ —	\$ —	\$ —	\$ —	\$ —
1.51%-2.50%	1	10	—	—	11
Greater than 2.50%	5,129	377	702	5	6,213
Total	\$ 5,130	\$ 387	\$ 702	\$ 5	\$ 6,224
Closed Block Annuity					
0.00%-1.50%	\$ —	\$ —	\$ —	\$ —	\$ —
1.51%-2.50%	—	—	1	11	12
Greater than 2.50%	833	17	23	—	873
Total	\$ 833	\$ 17	\$ 24	\$ 11	\$ 885

Range of Guaranteed Minimum Crediting Rate	December 31, 2025				
	At Guaranteed Minimum	1 Basis Point-50 Basis Points Above	51 Basis Points-150 Basis Points Above	Greater Than 150 Basis Points Above	Total
Variable Annuities					
0.00%-1.50%	\$ —	\$ —	\$ —	\$ —	\$ —
1.51%-2.50%	137	—	—	—	137
Greater than 2.50%	6,113	101	—	—	6,214
Total	\$ 6,250	\$ 101	\$ —	\$ —	\$ 6,351
RILA					
0.00%-1.50%	\$ 5	\$ —	\$ 3	\$ 3	\$ 11
1.51%-2.50%	—	—	—	—	—
Greater than 2.50%	136	93	—	—	229
Total	\$ 141	\$ 93	\$ 3	\$ 3	\$ 240
Fixed Annuities					
0.00%-1.50%	\$ 25	\$ 37	\$ 12	\$ 28	\$ 102
1.51%-2.50%	16	1	1	—	18
Greater than 2.50%	3,001	33	—	278	3,312
Total	\$ 3,042	\$ 71	\$ 13	\$ 306	\$ 3,432
Fixed Index Annuities					
0.00%-1.50%	\$ 3	\$ 11	\$ 2	\$ 28	\$ 44
1.51%-2.50%	—	—	—	—	—
Greater than 2.50%	36	—	86	53	175
Total	\$ 39	\$ 11	\$ 88	\$ 81	\$ 219
Closed Block Life					
0.00%-1.50%	\$ —	\$ —	\$ —	\$ —	\$ —
1.51%-2.50%	1	10	—	—	11
Greater than 2.50%	5,251	388	720	5	6,364
Total	\$ 5,252	\$ 398	\$ 720	\$ 5	\$ 6,375
Closed Block Annuity					
0.00%-1.50%	\$ —	\$ —	\$ —	\$ —	\$ —
1.51%-2.50%	—	—	1	11	12
Greater than 2.50%	872	18	24	—	914
Total	\$ 872	\$ 18	\$ 25	\$ 11	\$ 926

11. Separate Account Assets and Liabilities

The Company issues variable contracts through its separate accounts for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contract holder (traditional variable annuities). The Company also issues variable contracts through separate accounts where the Company contractually guarantees to the contract holder (variable contracts with guarantees) the following: a) return of no less than total deposits made to the account adjusted for any partial withdrawals, b) total deposits made to the account adjusted for any partial withdrawals plus a minimum return, or c) the highest account value on a specified anniversary date adjusted for any withdrawals following the contract anniversary. These guarantees include benefits that are payable in the event of death (guaranteed minimum death benefits, or "GMDB"), at annuitization (guaranteed minimum income benefits, or "GMIB"), upon the depletion of funds (guaranteed minimum withdrawal benefits, or "GMWB") or at the end of a specified period (guaranteed minimum accumulation benefits, or "GMAB"). These guarantees are classified as market risk benefits. *See Note 12 - Market Risk Benefits of these Notes to Condensed Consolidated Financial Statements for more information regarding market risk benefits.*

The separate account assets supporting the variable portion of both traditional variable annuities and variable contracts with guarantees are carried at fair value and reported as summary total separate account assets with an equivalent summary total reported for separate account liabilities. At June 30, 2026 and December 31, 2025, the assets and liabilities associated with variable life and annuity contracts were \$245 billion and \$236 billion, respectively. Investment risks associated with market value changes are borne by the contract holders, except to the extent of minimum guarantees made by the Company.

Separate account net investment income, net investment realized and unrealized gains and losses, and the related liability changes are offset within the same line item in the Condensed Consolidated Income Statements. Amounts assessed against the contract holders for mortality, variable annuity benefit guarantees, administrative, and other services are reported in revenue as fee income.

The following table presents the roll-forward of the separate account balance for variable annuities (in millions):

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Balance as of beginning of period	\$ 236,406	\$ 228,851
Deposits ⁽¹⁾	4,849	9,998
Surrenders, withdrawals and benefits ⁽¹⁾	(14,003)	(27,633)
Net transfer from (to) general account	(402)	(372)
Investment performance	19,759	28,278
Policy charges and other	(1,320)	(2,716)
Balance as of end of period, gross	<u>\$ 245,289</u>	<u>\$ 236,406</u>
Cash surrender value ⁽²⁾	\$ 240,566	\$ 231,711

⁽¹⁾ Excludes certain internal exchanges.

⁽²⁾ Cash surrender value represents the amount of the contract holder's account balances distributable at the balance sheet date less applicable surrender charges.

The following table presents the reconciliation of the separate account balance in the Condensed Consolidated Balance Sheets (in millions):

	June 30, 2026	December 31, 2025
Variable Annuities	\$ 245,289	\$ 236,406
Other Product Lines	98	90
Total	<u>\$ 245,387</u>	<u>\$ 236,496</u>

The following table presents aggregate fair value of assets, by major investment asset category, supporting separate accounts (in millions):

	June 30, 2026	December 31, 2025
Variable Annuities By Fund Type		
Equity	\$ 178,869	\$ 171,046
Bond	19,475	19,711
Balanced	44,525	43,317
Money Market	2,420	2,332
Total Variable Annuities	245,289	236,406
Other Product Lines	98	90
Total Separate Accounts	\$ 245,387	\$ 236,496

12. Market Risk Benefits

Contracts or contract features that provide protection to the contract holder from capital market risk and expose the Company to other-than-nominal capital market risk are classified as MRBs.

All long-duration insurance contracts and certain investment contracts are subject to MRB evaluation. MRBs are measured at fair value at the contract level and can be in either an asset or liability position. For contracts that contain multiple MRB features, the MRBs are valued together as a single compound MRB. Market risk benefit assets and Market risk benefit liabilities are reported separately on the Condensed Consolidated Balance Sheets.

Changes in fair value are reported in Net (gains) losses on market risk benefits in the Condensed Consolidated Income Statements. However, the change in fair value related to our own non-performance risk is reported as a component of other comprehensive income in Change in non-performance risk on market risk benefits on the Condensed Consolidated Statements of Comprehensive Income (Loss).

A description of the items affecting the change in fair value by category is as follows:

- *Changes in interest rates* — movement in risk free rates (impacts both assumed future separate account returns and discounting of cash flows)
- *Fund performance* — separate account returns gross of fees
- *Change in equity index volatility* — movement in implied volatility
- *Expected policyholder behavior* — policyholder behavior as assumed in reserving
- *Actual policyholder behavior different than expected* — difference between actual behavior during the period versus assumed behavior
- *Time* — effect of passage of time including reduction to separate account balances from fees, the change in proximity of future cash flows, and impacts to policy features such as bonus credits
- *Change in assumptions* — effect of actuarial assumption updates and model enhancements
- *Change in non-performance risk* — changes in Jackson's non-performance risk

See Note 6 - Fair Value Measurements of these Notes to Condensed Consolidated Financial Statements for more information regarding fair value measurements.

Additionally, when an annuitization occurs (for annuitization benefits) or upon extinguishment of the account balance (for withdrawal benefits), the balance related to the MRB is derecognized and the amount deducted (after derecognition of any related amount included in accumulated other comprehensive income) is used in the calculation of the liability for future policy benefits for the resulting payout annuity.

Variable Annuities

Variable annuity contracts issued by the Company offer various guaranteed minimum death, withdrawal, income and accumulation benefits. These guaranteed benefit features, as well as the reinsurance recoverable on the Company's GMIB, are classified as MRBs and measured at fair value. The Company discontinued offering the GMIB in 2009.

Variable annuity guaranteed benefit features classified as MRBs, which have explicit fees, are measured using the attributed fee method. Under the attributed fee method, fair value is measured as the difference between the present value of projected future liabilities and the present value of projected attributed fees. At the inception of the contract, the Company attributes to the MRB a portion of total fees expected to be assessed against the contract holder to offset the projected claims over the lifetime of the contract. The attributed fee is expressed as a percentage of total projected future fees at inception of the contract. This percentage of total projected fees is considered a fixed term of the MRB feature and is held static over the life of the contract. This percentage may not exceed 100% of the total projected contract fees as of contract inception. As the Company may issue contracts that have projected future liabilities greater than the projected future guaranteed benefit fees at issue, the Company may also attribute mortality and expense charges when performing this calculation. In subsequent valuations, the present value of both future projected liabilities and projected attributed fees are remeasured based on current market conditions and policyholder behavior assumptions.

Fixed Index Annuities and RILA

Our FIA and RILA contracts may be issued with features that guarantee benefits that are payable upon death (GMDB) or upon depletion of funds (GMWB). These features are classified as MRBs and measured at fair value.

Where the guaranteed benefit features have explicit fees, the fair value of the MRB is measured as the difference between the present value of projected future guaranteed benefits and the present value of projected attributed fees (the attributed fee method). At inception of the contract, the Company attributes a percentage of total projected future fees expected to be assessed against the policyholder to offset the projected future guaranteed benefits over the lifetime of the contract. Where the projected attributed fees are sufficient to offset the projected guaranteed benefits at issue, the MRB has an initial fair value of zero resulting in no gain or loss on issuance of the contract. If the projected attributed fees are insufficient to offset the projected guaranteed benefits at issue, an MRB liability is recognized at issuance and the value of the MRB is deducted from the host contract liability resulting in no gain or loss on issuance of the contract.

If the guaranteed benefits do not have explicit fees, the fair value of the MRB is measured as the present value of projected future guaranteed benefits. At inception, the initial value of the MRB is deducted from the host contract liability resulting in no gain or loss on issuance of the contract.

The following table presents the reconciliation of the market risk benefits balance in the Condensed Consolidated Balance Sheets (in millions):

	June 30, 2026			December 31, 2025		
	Variable Annuities	Other Product Lines	Total	Variable Annuities	Other Product Lines	Total
Market risk benefit - (assets)	\$ (8,043)	\$ (3)	\$ (8,046)	\$ (7,863)	\$ (4)	\$ (7,867)
Market risk benefit - liabilities	3,124	244	3,368	3,598	156	3,754
Market risk benefit - net (asset) liability	<u>\$ (4,919)</u>	<u>\$ 241</u>	<u>\$ (4,678)</u>	<u>\$ (4,265)</u>	<u>\$ 152</u>	<u>\$ (4,113)</u>

The following table presents the roll-forward of the net MRB (assets) liabilities for variable annuities (dollars in millions):

	Six Months Ended June 30, 2026	Year Ended December 31, 2025
Net MRB balance, beginning of period	\$ (4,265)	\$ (5,176)
Beginning of period cumulative effect of changes in non-performance risk	(17)	314
Net MRB balance, beginning of period, before effect of changes in non-performance risk	(4,282)	(4,862)
Effect of changes in interest rates	(474)	(72)
Effect of fund performance	(1,813)	(3,518)
Effect of changes in equity index volatility	281	509
Effect of expected policyholder behavior	420	758
Effect of actual policyholder behavior different from expected	225	572
Effect of time	963	1,957
Effect of changes in assumptions	4	374
Net MRB balance, end of period, before effect of changes in non-performance risk	(4,676)	(4,282)
End of period cumulative effect of changes in non-performance risk	(243)	17
Net MRB balance, end of period, gross	(4,919)	(4,265)
Reinsurance recoverable on market risk benefits at fair value, end of period	(29)	(41)
Net MRB balance, end of period, net of reinsurance	(4,948)	(4,306)
Weighted average attained age (years) ⁽¹⁾	71	70
Net amount at risk ⁽²⁾	\$ 4,990	\$ 5,471

⁽¹⁾ Weighted-average attained age is defined as the average age of policyholders weighted by account value.

⁽²⁾ Net amount at risk (NAR) is defined as of the valuation date for each contract as the greater of Death Benefit NAR (DBNAR) and Living Benefit NAR (LBNAR), as applicable, where DBNAR is the GMDDB benefit base in excess of the account value, and LBNAR is the actuarial present value of guaranteed living benefits in excess of the account value.

The Company regularly evaluates the inputs and assumptions to be used to measure the fair value of the MRB assets and MRB liabilities. Non-performance risk is incorporated into the calculation through the adjustment of the risk-free rate curve based on credit spreads for debt and debt-like instruments issued by the Company or its insurance operating subsidiaries, adjusted, as necessary, to reflect the financial strength ratings of the issuing insurance subsidiaries.

The significant assumptions used in the MRB fair value calculations are discussed in Note 6 - Fair Value Measurements of these Notes to Condensed Consolidated Financial Statements.

13. Debt

Liabilities for the Company's debt are primarily carried at an amount equal to the principal balance net of any unamortized original issuance discount or premium. Original issuance discount or premium and any debt issue costs, if applicable, are recognized as a component of interest expense over the period the debt is expected to be outstanding.

The aggregate carrying value of debt was as follows (in millions):

	June 30, 2026	December 31, 2025
Debt		
5.170% Senior Notes due 2027	\$ 399	\$ 399
3.125% Senior Notes due 2031	497	496
5.670% Senior Notes due 2032	348	348
6.150% Senior Notes due 2037	742	—
4.000% Senior Notes due 2051	490	490
Surplus notes due 2027	250	250
FHLBI bank loans due 2034 & 2035	43	47
Total debt	\$ 2,769	\$ 2,030

The following table presents the contractual maturities of the Company's debt as of June 30, 2026 (in millions):

	Calendar Year					Total
	2027	2028	2029	2030	2031 and thereafter	
Debt	\$ 649	\$ —	\$ —	\$ —	\$ 2,120	\$ 2,769

Senior Notes

On June 15, 2026, JFI issued \$750 million aggregate principal amount of 6.150% Senior Notes due January 15, 2037 (the "2037 Notes"). The 2037 Notes are unsecured. The net proceeds of the 2037 Notes are expected to be used for general corporate purposes, which may include, among other things, repaying or redeeming at or before maturity, JFI's \$400 million aggregate principal amount 5.170% Senior Notes due June 8, 2027 and/or, at maturity, Jackson National Life's \$250 million surplus notes due March 15, 2027.

Facility Agreement for Senior Notes Issuance

In March 2026, JFI entered into:

- a 10-year facility agreement with a Delaware trust in connection with that trust's sale of \$500 million of pre-capitalized trust securities; and
- a 30-year facility agreement with a separate Delaware trust in connection with that trust's sale of \$400 million of pre-capitalized trust securities.

The pre-capitalized trust securities were issued and sold in a private placement pursuant to Rule 144A under the Securities Act. Each trust invested the proceeds from the sale of its trust securities in a portfolio of principal and/or interest strips of U.S. Treasury securities.

Each facility agreement provides the Company with the right to issue and sell to the applicable trust from time to time the Company's unsecured senior notes, consisting of up to \$500 million of 6.311% senior notes due February 15, 2036 (the "2036 Senior Notes"), in case of the 10-year facility agreement, and up to \$400 million of 7.280% senior notes due February 15, 2056 (the "2056 Senior Notes"), in case of the 30-year facility agreement, in exchange for a corresponding amount of the U.S. Treasury securities held by the applicable trust. The U.S. Treasury securities held by a trust are pledged to the Company as collateral securing that trust's performance under its facility agreement. The Company may direct a trust to grant the right to exercise the issuance right with respect to all or a designated amount of the applicable senior notes to one or more assignees (who are our consolidated subsidiaries or persons to whom we have an obligation). The issuance right under a facility agreement will be exercised automatically in full upon the Company's failure to make certain payments to the applicable trust or upon certain bankruptcy events involving the Company. The Company is also required to exercise this issuance right if its consolidated shareholders' equity, calculated in accordance with U.S. GAAP but excluding accumulated other comprehensive income and equity of non-controlling interests, falls below \$2.8 billion, subject to adjustment from time to time in certain cases, and upon certain other events described in the applicable facility agreement.

Prior to any involuntary exercise of the issuance right under a facility agreement, the Company has the right to repurchase any or all of the senior notes then held by the applicable trust in exchange for U.S. Treasury securities. The Company may redeem any outstanding senior notes issued to a trust, in whole or in part, prior to their maturity at a redemption price equal to the greater of par or a make-whole redemption price. On or after their maturities, the senior notes may be redeemed at par. The Company is required to purchase from a trust any U.S. Treasury securities that are due and unpaid at an amount equal to their face amount.

The Company pays a semi-annual facility fee under the 10-year facility agreement and the 30-year facility agreement to the applicable trust at a rate of 2.066% and 2.430% per annum, respectively, applied to the maximum amount of senior notes that the Company could issue and sell to that trust, and reimburses each trust for its expenses under separate expense agreements. The facility fees and expense reimbursements are recorded in operating costs and other expenses.

At June 30, 2026, the Company had not issued any senior notes under either facility agreement. The Company incurred \$8 million of origination costs, which were capitalized and reported in other assets and will be amortized over the terms of the respective facility agreements.

Revolving Credit Facility

On June 30, 2026, JFI entered into \$1.25 billion revolving credit facility with a syndicate of banks and Wells Fargo Bank, National Association, as Administrative Agent (the "2026 Revolving Credit Facility"). The 2026 Revolving Credit Facility replaced a prior \$1.0 billion revolving credit facility that was scheduled to terminate in February 2028.

The 2026 Revolving Credit Facility provides for borrowings for working capital and other general corporate purposes, with a sub-limit of \$500 million available for letters of credit. The 2026 Revolving Credit Facility further provides the Company the options for the ability to request, subject to customary terms and conditions, an increase in commitments thereunder by up to an additional \$500 million and an extension of the term of the commitments by up to two years.

The 2026 Revolving Credit Facility contains financial maintenance covenants, including a minimum adjusted consolidated net worth (the total equity, determined in accordance with GAAP, of JFI and its Consolidated Subsidiaries shown on the consolidated balance sheets) test of no less than 65% of our adjusted consolidated net worth as of March 31, 2026, plus 50% of the aggregate amount of any increase in adjusted consolidated net worth resulting from equity issuances by the Company and its consolidated subsidiaries after March 31, 2026, and a maximum consolidated indebtedness to total capitalization ratio test not to exceed 35%. Commitments under the 2026 Revolving Credit Facility terminate on June 30, 2031, unless extended.

Line of Credit Agreement

Jackson is a party to an Uncommitted Money Market Line Credit Agreement, among Jackson, Jackson Financial, and Société Générale. This agreement is an uncommitted short-term cash advance facility that provides an additional form of liquidity to Jackson and to Jackson Financial. The aggregate borrowing capacity under the agreement is \$500 million and each cash advance request must be at least \$100 thousand. The interest rate is set by the lender at the time of the borrowing and is fixed for the duration of the advance. Jackson and Jackson Financial are jointly and severally liable to repay any advance under the agreement, which must be repaid prior to the last day of the quarter in which the advance was drawn.

14. Federal Home Loan Bank Advances

The Company, through its subsidiary, Jackson, entered into an advance program with the FHLBI in which interest rates were either fixed or variable based on the FHLBI cost of funds or market rates. No advances were outstanding at June 30, 2026 and December 31, 2025. Interest expense on such advances was nil and \$1 million for the three months ended June 30, 2026 and 2025, respectively, and nil and \$6 million for the six months ended June 30, 2026 and 2025, respectively. *See Note 10 - Other Contract Holder Funds of these Notes to Condensed Consolidated Financial Statements for the carrying value of securities pledged as collateral for our FHLB obligations.*

15. Income Taxes

The Company uses the estimated annual effective tax rate ("ETR") method in computing the interim tax provision. Certain items, including those deemed unusual, infrequent, or that cannot be reliably estimated, are treated as discrete items and excluded from the estimated annual ETR. In these cases, the actual tax expense or benefit is reported in the same period as the related item. Certain tax effects are also not reflected in the estimated annual ETR, primarily certain changes in the realizability of deferred tax assets and uncertain tax positions, which are recorded in the period in which the change occurs. The estimated annual ETR is revised, as necessary, at the end of successive interim reporting periods.

The Company's effective income tax rate was 0.8% and 9.8% for the three and six months ended June 30, 2026 compared with 1.8% and 2.9% for the same period in 2025, respectively. The ETR, excluding significant, unusual or infrequently occurring items, differs from the statutory rate of 21% primarily due to the dividends received deduction and utilization of foreign tax credits. The change in the ETR for the three and six months ended June 30, 2026 compared to the three and six months ended June 30, 2025 was due to the relationship of taxable income to consolidated pre-tax income (loss). The ETR differs for the six months ended June 30, 2026 from the full year-ended December 31, 2025 ETR of 117% due to the relationship of taxable income to consolidated pre-tax income (loss), valuation allowance, the variance of the impact of tax adjustments related to prior year returns and the benefit of IRS refund interest on carryback claims and amended returns both recognized in 2025.

The determination of the estimated 2026 CAMT liability considered carryover impacts from prior tax years and consideration of the applicability of the proposed regulations and additional guidance issued by the Internal Revenue Service. The U.S. Treasury Department is expected to issue additional guidance in 2026 or later which may materially change the estimated provision of the CAMT.

The Company is required to evaluate the recoverability of its deferred tax assets and establish a valuation allowance, if necessary, to reduce its deferred tax asset to an amount that is more likely than not to be realizable. Considerable judgment and the use of estimates are required when determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. When evaluating the need for a valuation allowance, the Company considers many factors, including: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of temporary differences; the length of time carryovers can be utilized; and any tax planning strategies the Company would employ to avoid a tax benefit from expiring unused. The Company has adopted an accounting policy to analyze the ability to recover the CAMT credit carryover deferred tax asset separately from the deferred tax assets generated under the regular tax system.

For the six months ended June 30, 2026, changes in market conditions and interest rates impacted the unrealized tax gains and losses in the available-for-sale securities portfolio resulting in deferred tax assets related to net unrealized tax capital losses for the life insurance group. The deferred tax asset relates to the unrealized losses for which the carryforward period has not yet begun, and as such, when assessing its recoverability, we consider our ability and intent to hold the underlying securities to recovery, our capital loss carryback capacity, along with reversing capital deferred tax liabilities.

As of June 30, 2026, based on all available evidence, we concluded that a valuation allowance should be established on a portion of the deferred tax asset related to unrealized losses and the charitable contributions carryover that are not more likely than not to be realized. For the three and six months ended June 30, 2026, the Company recorded a decrease of \$20 million and increase of \$107 million, respectively, to the valuation allowance associated with the unrealized tax losses in the Company's available-for-sale securities portfolio and for the charitable contributions carryover. The \$20 million decrease for the three months ended June 30, 2026 to the valuation allowance consists of \$22 million tax benefit recorded to other comprehensive income and \$2 million tax expense recorded in the income tax expense. The \$107 million increase for the six months ended June 30, 2026 to the valuation allowance consists of \$105 million tax expense recorded to other comprehensive income and \$2 million tax expense record in the income tax expense.

At June 30, 2026 and December 31, 2025, the Company has recorded a total valuation allowance for \$593 million and \$486 million, respectively, associated with the unrealized tax losses in the Life Companies' available-for-sale securities portfolio and the charitable contributions carryover where it is not more likely than not that the full tax benefit of the losses will be realized.

16. Commitments and Contingencies

The Company and its subsidiaries are involved in litigation arising in the ordinary course of business. It is the opinion of management that the ultimate disposition of such litigation will not have a material adverse effect on the Company's financial condition. Jackson has been named in civil litigation proceedings, which appear to be substantially similar to other class action litigation brought against many life insurers including allegations of misconduct in the sale and administration of insurance products. The Company accrues for legal contingencies once the contingency is deemed to be probable and reasonably estimable.

At June 30, 2026, the Company had unfunded commitments related to its investments in limited partnerships and limited liability companies totaling \$846 million. At June 30, 2026, unfunded commitments related to fixed-rate mortgage loans and other debt securities totaled \$1,986 million.

17. Operating Costs and Other Expenses

The following table summarizes the Company's operating costs and other expenses (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Asset-based commission expenses	\$ 298	\$ 273	\$ 593	\$ 557
Other commission expenses	353	243	675	458
Sub-advisor expenses	73	76	147	154
General and administrative expenses ⁽¹⁾	265	274	564	533
Deferral of acquisition costs	(302)	(185)	(557)	(344)
Total operating costs and other expenses	<u>\$ 687</u>	<u>\$ 681</u>	<u>\$ 1,422</u>	<u>\$ 1,358</u>

- ⁽¹⁾ Includes gains (losses) on derivative instruments economically hedging liabilities related to the non-qualified voluntary deferred compensation plan beginning in the third quarter 2025.

18. Accumulated Other Comprehensive Income (Loss)

The following table represents changes in the balance of accumulated other comprehensive income ("AOCI"), net of income tax, related to unrealized investment gains (losses) (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Balance, beginning of period ⁽¹⁾	\$ (2,728)	\$ (2,719)	\$ (2,470)	\$ (3,522)
Change in unrealized gains (losses) of investments	151	351	(424)	992
Change in current discount rate - reserve for future policy benefits ⁽²⁾	(14)	(31)	59	(106)
Change in non-performance risk on market risk benefits	(63)	(267)	270	60
Change in unrealized gains (losses) - other	24	(2)	31	(6)
Change in deferred tax asset	(1)	55	(91)	(38)
Other comprehensive income (loss) before reclassifications	97	106	(155)	902
Reclassifications from AOCI, net of tax	6	(10)	—	(3)
Other comprehensive income (loss)	103	96	(155)	899
Balance, end of period ⁽¹⁾	<u>\$ (2,625)</u>	<u>\$ (2,623)</u>	<u>\$ (2,625)</u>	<u>\$ (2,623)</u>

- ⁽¹⁾ Includes \$(1,238) million and \$(1,269) million related to the investments held within the funds withheld account related to the Athene Reinsurance Transaction as of June 30, 2026 and December 31, 2025, respectively.

- ⁽²⁾ Represents the impact of changes in the discount rate used in the remeasurement of our direct reserves for future policy benefits and claims payable, net of the remeasurement of ceded reserves for future policy benefits and claims payable.

The following table represents amounts reclassified out of AOCI (in millions):

AOCI Components	Amounts Reclassified from AOCI		Affected Line Item in the Condensed Consolidated Income Statements
	Three Months Ended June 30,		
	2026	2025	
Net unrealized investment gain (loss):			
Net realized gain (loss) on investments	\$ 13	\$ 21	Net gains (losses) on derivatives and investments
Other impaired securities	(7)	(33)	Net gains (losses) on derivatives and investments
Net unrealized gain (loss)	6	(12)	
Income tax expense (benefit)	—	(2)	
Reclassifications, net of income taxes	\$ 6	\$ (10)	

AOCI Components	Amounts Reclassified from AOCI		Affected Line Item in the Condensed Consolidated Income Statements
	Six Months Ended June 30,		
	2026	2025	
Net unrealized investment gain (loss):			
Net realized gain (loss) on investments	\$ 31	\$ 45	Net gains (losses) on derivatives and investments
Other impaired securities	(31)	(48)	Net gains (losses) on derivatives and investments
Net unrealized gain (loss), before income taxes	—	(3)	
Income tax expense (benefit)	—	—	
Reclassifications, net of income taxes	\$ —	\$ (3)	

19. Equity

Preferred Stock

On March 13, 2023, the Company issued and sold 22,000,000 depositary shares (the “Depositary Shares”), each representing a 1/1,000th fractional interest in a share of the Company’s Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A, \$25,000 liquidation preference per share (equivalent to \$25 per Depositary Share), with a 5-year dividend rate reset period and noncumulative dividends (the “Series A Preferred Stock”). After underwriting discounts and expenses, we received net proceeds of approximately \$533 million.

The Series A Preferred Stock carries a dividend rate equal to i) from issuance to but excluding March 30, 2028, 8.000% per annum; and ii) from, and including, March 30, 2028, during each reset period, at a rate per annum equal to the Five-year U.S. Treasury Rate as of the applicable reset dividend determination date plus 3.728%. The dividend is payable quarterly in arrears on March 30, June 30, September 30 and December 30, and commenced on June 30, 2023. Dividends on the Series A Preferred Stock are not cumulative. Under the terms of the Series A Preferred Stock, if the Company has not declared and paid, or declared and set aside a sum sufficient for the payment of, dividends on the Series A Preferred Stock for the immediately preceding dividend period, then the Company’s ability to pay dividends or make distributions with respect to its common stock, or to repurchase or otherwise acquire its common stock, is subject to certain restrictions. Similar restrictions would apply in respect of any preferred stock ranking on parity with, or junior to, the Series A Preferred Stock, if any such preferred stock were to be issued by the Company.

We may, at our option, redeem the shares of Series A Preferred Stock (a) in whole but not in part at any time prior to March 30, 2028, (i) within 90 days after the occurrence of a “rating agency event” at a redemption price equal to \$25,500 per share (equivalent to \$25.50 per Depositary Share), plus an amount equal to any accrued but unpaid dividends to, but excluding, the redemption date, or (ii) within 90 days after the occurrence of a “regulatory capital event,” at a redemption price equal to \$25,000 per share (equivalent to \$25 per Depositary Share), plus an amount equal to any accrued but unpaid dividends to, but excluding, the redemption date, or (b) in whole or in part, from time to time, on or after March 30, 2028, at a redemption price equal to \$25,000 per share (equivalent to \$25 per Depositary Share), plus an amount equal to any accrued but unpaid dividends to, but excluding, the redemption date. If we redeem any shares of Series A Preferred Stock, a proportionate number of Depositary Shares will be redeemed. Holders of Depositary Shares have no right to require the redemption or repurchase of the Series A Preferred Stock or the Depositary Shares.

The net proceeds from the sale were used for general corporate purposes, including the repayment of senior notes that matured in November 2023.

The following table presents the declaration date, record date, payment date and dividends paid per preferred share of, and per depositary share representing, the Series A Preferred Stock:

	Declaration Date	Record Date	Payment Date	Dividends Paid	
				Per Preferred Share	Per Depositary Share
Quarter Ended					
03/31/2026	February 16, 2026	March 16, 2026	March 30, 2026	\$500	\$0.50
06/30/2026	May 1, 2026	June 11, 2026	June 30, 2026	\$500	\$0.50
Quarter Ended					
03/31/2025	February 17, 2025	March 11, 2025	March 31, 2025	\$500	\$0.50
06/30/2025	May 2, 2025	June 12, 2025	June 30, 2025	\$500	\$0.50

Common Stock

At June 30, 2026 and December 31, 2025, the Company was authorized to issue up to 1 billion shares of common stock with a par value of \$0.01 per share.

Shares Issued to TPG

In February 2026, Jackson Financial and TPG Inc. ("TPG") completed the transaction announced in January 2026, resulting in TPG acquiring 4,715,554 shares of Jackson Financial common stock for \$500 million. As a result, Jackson Financial re-issued treasury shares having an aggregate cost of \$178 million and recognized a corresponding gain on re-issuance of treasury shares of \$322 million, which was recorded to additional paid-in capital. The cost of re-issued shares is determined on a first-in, first-out basis. See Note 25 - Subsequent Events of the Notes to Consolidated Financial Statements in the Company's 2025 Annual Report for further discussion on this transaction.

Share Repurchase Program

On September 18, 2025, our Board of Directors authorized an increase of \$1 billion in our existing authorization to repurchase shares of our outstanding common stock as part of the Company's share repurchase program. As of July 27, 2026, the Company had remaining authorization to apply up to \$526 million to the purchase of its common shares.

The Company expects to repurchase common shares from time to time in the open market or in privately negotiated transactions. The timing, form and amount of the share repurchases under the program are at the discretion of management and will depend on a variety of factors, including funds available at the Company, other potential uses for such funds, market conditions, the Company's capital position, legal requirements and other factors. The repurchase program may be modified, extended or terminated by the Board at any time. It does not have an expiration date. There can be no assurance that we will continue share repurchases or approve any further increase to our current, or approve any new, stock repurchase program, or any assurance to the amount of any repurchases that may be made pursuant to such programs.

Through June 30, 2026, we have incurred \$10 million of excise tax in connection with share repurchases that exceeded stock issuances. The excise tax incurred was recognized as part of the cost basis of the treasury stock acquired and not reported as income tax expense.

The following table represents share repurchase activities as part of our share repurchase program:

Period	Number of Shares Repurchased	Total Payments (in millions)	Average Price Paid Per Share
2025 (January 1- March 31)	1,966,909	\$ 172	\$ 87.69
2025 (April 1- June 30)	1,920,154	158	82.06
2025 (July 1- September 30)	1,636,094	154	94.32
2025 (October 1- December 31)	1,507,378	150	99.66
Total 2025	7,030,535	\$ 634	\$ 90.26
2026 (January 1- March 31)	1,714,620	192	111.87
2026 (April 1- June 30)	2,086,601	227	108.67
2026 (July 1- July 27)	486,601	57	117.11
Total 2026	4,287,822	\$ 476	\$ 110.91

The following table presents changes in the number of shares of common stock outstanding:

	Common Stock Issued	Treasury Stock	Total Common Stock Outstanding
Shares at December 31, 2025	94,488,315	(27,662,683)	66,825,632
Share-based compensation programs	—	445,321 ⁽¹⁾	445,321
Shares repurchased under repurchase program	—	(3,801,221)	(3,801,221)
Common stock issued to TPG	—	4,715,554	4,715,554
Shares at June 30, 2026	94,488,315	(26,303,029)	68,185,286

⁽¹⁾ Represents net shares issued from treasury stock pursuant to the Company's share-based compensation programs.

Dividends to Shareholders

Any declaration of cash dividends on common stock will be at the discretion of JFI's Board of Directors and will depend on our financial condition, earnings, liquidity and capital requirements, regulatory constraints, level of indebtedness, preferred stock, contractual restrictions with respect to paying cash dividends, restrictions imposed by Delaware law, general business conditions and any other factors that JFI's Board of Directors deems relevant in making any such determination. Therefore, there can be no assurance that we will pay any cash dividends to holders of our stock or as to the amount of any such cash dividend.

The following table presents declaration date, record date, payment date and dividends paid per share of JFI's common stock:

	Declaration Date	Record Date	Payment Date	Dividends Paid Per Share
Quarter Ended				
03/31/2026	February 16, 2026	March 16, 2026	March 26, 2026	\$0.90
06/30/2026	May 1, 2026	June 11, 2026	June 25, 2026	\$0.90
Quarter Ended				
03/31/2025	February 17, 2025	March 11, 2025	March 20, 2025	\$0.80
06/30/2025	May 2, 2025	June 12, 2025	June 26, 2025	\$0.80

20. Earnings Per Share

Basic earnings per share is calculated by dividing net income (loss) attributable to Jackson Financial common shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing the net income (loss) attributable to Jackson Financial common shareholders, by the weighted-average number of shares of common stock outstanding for the period, plus shares representing the dilutive effect of share-based awards. The Company grants share-based awards subject to vesting provisions of its 2021 Omnibus Incentive Plan, which can have a dilutive effect. *See Note 18 - Share-Based Compensation of the Notes to Consolidated Financial Statements in the Company's 2025 Annual Report for further description of our share-based awards.*

The following table sets forth the calculation of earnings per common share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions, except share and per share data)			
Net income (loss) attributable to Jackson Financial Inc.	\$ 655	\$ 179	\$ 231	\$ 155
Less: Preferred stock dividends	11	11	22	22
Net income (loss) attributable to Jackson Financial Inc. common shareholders	<u>\$ 644</u>	<u>\$ 168</u>	<u>\$ 209</u>	<u>\$ 133</u>
Weighted average shares of common stock outstanding - basic	70,164,533	71,825,321	69,955,919	72,643,141
Dilutive common shares	127,487	112,831	222,467	180,298
Weighted average shares of common stock outstanding - diluted	<u>70,292,020</u>	<u>71,938,152</u>	<u>70,178,386</u>	<u>72,823,439</u>
Earnings per share—common stock				
Basic	\$ 9.18	\$ 2.34	\$ 2.99	\$ 1.83
Diluted	\$ 9.16	\$ 2.34	\$ 2.98	\$ 1.83

21. Subsequent Events

The Company has evaluated subsequent events through the date these Condensed Consolidated Financial Statements were issued.

Dividends Declared to Shareholders

On July 31, 2026, our Board of Directors approved a cash dividend on JFI's common stock of \$0.90 per share for the third quarter 2026, payable on September 24, 2026, to common shareholders of record on September 15, 2026. The Company also announced the declaration of a cash dividend of \$0.50 per depositary share, each representing a 1/1,000th interest in a share of Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A. The dividend will be payable on September 30, 2026, to depositary shareholders of record at the close of business on September 15, 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS – CAUTIONARY LANGUAGE

The information in this Quarterly Report on Form 10-Q (this "report") contains forward-looking statements about future events and circumstances and their effects upon revenues, expenses and business opportunities. Generally speaking, any statement in this report not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking or conditional words, such as "could," "should," "can," "continue," "estimate," "forecast," "intend," "look," "may," "expect," "believe," "anticipate," "plan," "predict," "remain," "future," "confident," and "commit" or similar expressions. In particular, statements regarding plans, strategies, prospects, targets and expectations regarding the business and industry are forward-looking statements. They reflect expectations, are not guarantees of performance and speak only as of the dates the statements are made. We caution investors that these forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially from those projected, expressed, or implied. Other factors that could cause actual results to differ materially from those in the forward-looking statements include those reflected in Part I, Item 1A. Risk Factors and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the U.S. Securities and Exchange Commission (the "SEC") on February 24, 2026, (the "2025 Annual Report"), and elsewhere in Jackson Financial Inc.'s reports filed with the SEC. Except as required by law, Jackson Financial Inc. does not undertake to update such forward-looking statements. You should not rely unduly on forward-looking statements.

Certain financial data included in this report consists of non-GAAP (Generally Accepted Accounting Principles) financial measures. These non-GAAP financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with U.S. GAAP. Although the Company believes these non-GAAP financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures and ratios included in this report. A reconciliation of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure can be found in the "Non-GAAP Financial Measures" in this report.

Certain financial data included in this report consists of statutory accounting principles ("statutory") financial measures. These statutory financial measures are included in or derived from the Jackson National Life Insurance Company annual and/or quarterly statements filed with the Michigan Department of Insurance and Financial Services and are available in the investor relations section of the Company's website at investors.jackson.com/financials/statutory-filings.

Available Information

We make available free of charge, through our website, investors.jackson.com, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, our proxy and information statements, and any amendments to those reports or statements as soon as reasonably practicable after these materials are electronically filed with, or furnished to, the SEC. The SEC's website, www.sec.gov, contains financial reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

We routinely use the investor relations page of our website, investors.jackson.com, as a primary channel for dissemination of important information, including news releases, analyst presentations, financial information, insider beneficial owner reports, and corporate governance information. We may use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, filings with the SEC, public conference calls, presentations, and webcasts. We and certain of our senior executives may also use social media channels to communicate with our investors and the public about our Company and other matters, and those communications could be deemed to be material information. None of the content of Jackson's website, jackson.com, the content of our social media channels or the content of our executives' social media channels is incorporated by reference into this report or in any other report or document filed with the SEC, and any references to Jackson's website are intended to be inactive textual references only.

Principal Definitions, Abbreviations, and Acronyms Used in the Text and Notes of this Report

we, us, our and the Company	Jackson Financial Inc. and its consolidated subsidiaries, unless the context refers only to Jackson Financial Inc. as a corporate entity (which we refer to as "JFI" or "Jackson Financial")
Jackson	Jackson National Life Insurance Company, ("Jackson National Life") our primary operating subsidiary and its insurance subsidiaries (collectively "Jackson") (which we refer to as "Jackson National Life" or "Jackson")
Brooke Life	Brooke Life Insurance Company, our subsidiary and the direct parent company of Jackson and Brooke Re
Brooke Re	Brooke Life Reinsurance Company, a direct subsidiary of Brooke Life, and a Michigan-based captive reinsurer
Hickory Re	Hickory Brooke Reinsurance Company, a direct subsidiary of Brooke Re, and a Michigan-based captive reinsurer
Jackson Finance	Jackson Finance LLC, our subsidiary
JNAM	Jackson National Asset Management LLC, a direct subsidiary of Jackson National Life
PPMH	PPM Holdings, Inc., our subsidiary
PPM	PPM America, Inc., a subsidiary of PPMH
ACL	Allowance for credit loss
Account value ("AV") or account balance	The amount of money in a customer's account. For example, the account value increases with additional premiums and investment gains, and it decreases with withdrawals, investment losses and fees.
Athene	Athene Life Re Ltd. and its affiliates, including Athene Co-Invest Reinsurance Affiliate 1A Ltd.
Athene Reinsurance Transaction	The funds withheld coinsurance agreement with Athene, entered on June 18, 2020, and effective June 1, 2020, to reinsure a 100% quota share of a block of our in-force fixed and fixed index annuity liabilities in exchange for approximately \$1.2 billion in ceding commissions
AUM ("Assets under management")	Investment assets that are managed by our subsidiaries and include: (i) assets managed by PPM, including our investment portfolio (but excluding assets held in funds withheld accounts for reinsurance transactions), (ii) third-party assets, and (iii) the separate account assets of our retail annuities managed and administered by JNAM

Benefit base	A notional amount (not actual cash value) used to calculate guaranteed benefits within an owner's annuity contract and fees due in respect of those guaranteed benefits. The death benefit and living benefit within the same contract may have different benefit bases.
CMBS	Commercial mortgage-backed securities
DAC ("Deferred acquisition costs")	Represent the incremental costs related directly to the successful acquisition of new, and certain renewal, insurance policies and annuity contracts. The recognition of these costs has been deferred, and the deferred amounts are shown on the balance sheet as an asset, which is amortized over the estimated lives of those policies and contracts.
Deferred tax asset or Deferred tax liability	Asset or liability that is recorded for the difference between financial reporting, or book basis, and the tax basis of an asset or a liability
Fixed Annuity	An annuity that guarantees a set annual rate of return with interest at rates we determine, subject to specified minimums. Credited interest rates are guaranteed not to change for certain limited periods of time, after which rates may be reset.
Fixed Index Annuity ("FIA")	An annuity with an ability to share in the upside from certain financial markets, such as equity indices, and provides downside protection
General account assets	The assets held in the general accounts of our insurance companies
GIC	Guaranteed investment contract
Guarantee Fees	Fees charged on our annuity contracts for optional benefit guarantees
GMAB ("Guaranteed minimum accumulation benefit")	An add-on benefit (enhanced benefits available for an additional cost) that entitles an owner to a minimum payment, typically in a lump-sum, after a set period of time, referred to as the accumulation period. The minimum payment is based on the benefit base, which could be greater than the underlying account value.
GMDB ("Guaranteed minimum death benefit")	An add-on benefit (enhanced benefits available for an additional cost) that guarantees an owner's beneficiaries are entitled to a minimum payment based on the benefit base, which could be greater than the underlying account value, upon the death of the owner
GMIIB ("Guaranteed minimum income benefit")	An add-on benefit (available for an additional cost) where an owner is entitled to annuitize the policy and receive a minimum payment stream based on the benefit base, which could be greater than the payment stream resulting from current annuitization of the underlying account value
GMWB ("Guaranteed minimum withdrawal benefit")	An add-on benefit (available for an additional cost) where an owner is entitled to withdraw a maximum amount of their benefit base each year, for which cumulative payments to the owner could be greater than the underlying account value
GMWB for Life ("Guaranteed minimum withdrawal benefit for life")	An add-on benefit (available for an additional cost) where an owner is entitled to withdraw the guaranteed annual withdrawal amount each year for the duration of the policyholder's life, regardless of account performance
NAIC	National Association of Insurance Commissioners
NAV	Net asset value
Net flows	Net flows represent the net change in customer account balances during a period, after reflecting gross premium inflows and surrender, withdrawal and benefit payment outflows. Net flows do not include investment performance, interest credited to customer accounts and policy charges.
RBC ("Risk-based capital")	Statutory minimum level of capital that is required by regulators for an insurer to support its operations
RBC ratio	The ratio of statutory total adjusted capital to company action level required capital. A formal calculation is made annually during the fourth quarter of each year. In other periods, the ratio is estimated.
RILA	A registered index-linked annuity, which offers market index-linked investment options, subject to a cap, and a variety of guarantees designed to modify or limit losses
RMBS	Residential mortgage-backed securities
Variable annuity	An annuity that offers tax-deferred investment into a range of asset classes and a variable return, which offers insurance features related to potential future income payments
VIE	Variable interest entity

Overview of Management's Discussion and Analysis of Financial Condition and Results of Operations

Jackson Financial Inc. ("Jackson Financial" or "JFI"), along with its subsidiaries (collectively, the "Company," which also may be referred to as "we," "our" or "us"), is a financial services company. Jackson Financial became an independent public company on September 13, 2021. Jackson National Life Insurance Company ("Jackson") is licensed to sell group and individual annuity products (including immediate, registered index-linked, deferred fixed, fixed index, fixed and variable annuities), and various protection products, primarily whole life, universal life, variable universal life and term life insurance products, in all 50 states and the District of Columbia.

We help Americans in the United States ("U.S.") grow and protect their retirement savings and income to secure their financial future. We believe that we are uniquely positioned in our markets because of our differentiated products, well-known brand and disciplined risk management. Our market position is supported by our efficient and scalable operating platform and industry-leading distribution network. We believe these core strengths will enable us to grow profitably as an aging U.S. population transitions into retirement.

Executive Summary

This Management's Discussion and Analysis of Financial Condition and Results of Operation highlights selected information and may not contain all the information that is important to current or potential investors in our securities. You should read this report, including the Condensed Consolidated Financial Statements (Unaudited) and related notes contained in Part I, Item 1 of this report, and our 2025 Annual Report, in their entirety for a more detailed description of events, trends, uncertainties, risks and critical accounting estimates affecting us.

We earn revenues predominantly from fee income, spread income resulting from what we earn on investments versus the interest we credit to contract holders, and margins on other insurance products. Our profitability is dependent on our ability to properly price and manage risk on insurance and annuity products, manage our portfolio of investments effectively, and control costs through expense discipline.

Due to funds withheld reinsurance arrangements, including the Athene Reinsurance Transaction, we hold significant assets whose investment performance accrues to the benefit of the applicable third-party reinsurer.

We experience net income volatility because we do not directly use hedging to offset the movement in our U.S. generally accepted accounting principles ("U.S. GAAP") market risk benefit liabilities as market conditions change from period to period. Our core dynamic hedging program seeks to offset impacts of equity market and interest rate movements on the economic liabilities associated with variable annuity guaranteed benefits and with annuities subject to index interest crediting (RILA and FIA), while our macro hedging program seeks to provide additional liquidity and statutory capital protection as needed. As a result, the changes in the fair value of the derivatives used as part of our overall hedging program are not expected to match the movements in the market risk benefit liabilities resulting in volatility from changes in fair value recorded to net income. Accordingly, we evaluate and manage the performance of our business using Adjusted Operating Earnings, a non-GAAP financial measure, which reduces the impact of market volatility by excluding changes in fair value of freestanding and embedded derivative instruments, market risk benefits and other items. *See "Non-GAAP Financial Measures" below for information regarding our non-GAAP financial measures and reconciliations to the most comparable U.S. GAAP measures.*

We manage our business through three reportable segments: Retail Annuities, Institutional Products, and Closed Life and Annuity Blocks. We report in Corporate and Other items that are not included in those three segments, including the results of PPM Holdings, Inc., the parent holding company of PPM America, Inc. ("PPM") that manages the majority of our general account investment portfolio. *See Note 3 - Segment Information of the Notes to Condensed Consolidated Financial Statements for further information on our segments.*

An understanding of several key operating measures, including sales, account value, net flows, benefit base and assets under management ("AUM"), is helpful in evaluating our results. *See "Key Operating Measures" below.* Finally, we are affected by various economic, industry and regulatory trends, which are described below under "Macroeconomic, Industry and Regulatory Trends."

The table below presents selected financial and operating measures:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
(in millions, except for percentages)				
Net income (loss) attributable to Jackson Financial Inc. common shareholders	\$ 644	\$ 168	\$ 209	\$ 133
Adjusted Operating Earnings ⁽¹⁾	513	350	874	726
Amount of common shares repurchased under share repurchase program	227	158	419	330
Dividends on common shares	63	58	128	117
Jackson Financial Inc. (Parent Company Only) Net cash provided by (used in) operating activities	(27)	(24)	(8)	5
Free cash flow ⁽¹⁾	287	290	575	503
Return on Equity ("ROE") Attributable to Common Shareholders	28.0 %	6.9 %	4.5 %	2.8 %
Adjusted Operating ROE Attributable to Common Shareholders on average equity ⁽¹⁾	19.4 %	12.7 %	16.5 %	13.1 %

⁽¹⁾ Non-GAAP financial measure. See "Non-GAAP Financial Measures" below for information regarding our non-GAAP financial measures and reconciliations to the most comparable U.S. GAAP measures.

Recent Events of Note

- Capital Returned to Common Shareholders:** Since January 1, 2026 through June 30, 2026, we have returned \$547 million to our common shareholders consisting of \$128 million in dividends and \$419 million in common share repurchases. Our capital return target for common shareholders for 2026 is \$900 million - \$1.1 billion. Our share repurchases, net of issuances for our share-based compensation, were 3,355,900 shares during the six months ended June 30, 2026. Additionally, during the first quarter of 2026, we re-issued 4,715,554 treasury shares to TPG Inc. Our outstanding shares of common stock were 68,185,286 at June 30, 2026 and 66,825,632 at December 31, 2025. See Note 19 of the Notes to Condensed Consolidated Financial Statements for further information on our share repurchases.
- Free Capital Generation and Free Cash Flow:**
 - Our free capital generation during the six months ended June 30, 2026 was \$575 million. Free capital generation represents Jackson's aggregate statutory basis after-tax income from operations, realized gains (losses), unrealized gains (losses), and other surplus adjustments, adjusted for the change in estimated company action level required capital ("CAL") for Jackson calibrated to a 425% risk-based capital ("RBC") ratio. We expect free capital generation in 2026 to be at or above \$1.2 billion, assuming 5% equity market total return and interest rates following the December 31, 2025 forward curve. As explained below under "Liquidity and Capital Resources – Distributions and Dividends," the payment of dividends or distributions from our capital generation is limited by applicable laws and regulations.
 - The free cash flow at Jackson Financial (Parent Company only) during the three and six months ended June 30, 2026 was \$287 million and \$575 million compared to \$290 million and \$503 million during the three and six months ended June 30, 2025. Free cash flow is a non-GAAP financial measure calculated as the difference between cash received by Jackson Financial from its subsidiaries less holding company expenses and other, net. See "Non-GAAP Financial Measures" below for information regarding our non-GAAP financial measures and reconciliations to the most comparable U.S. GAAP measures.

- *Brooke Life Reinsurance Company ("Brooke Re")*: During the first quarter of 2024, Jackson entered into a 100% coinsurance with funds withheld reinsurance transaction with Brooke Re, a Michigan captive insurer, with all economics of the transaction effective as of January 1, 2024. Jackson and Brooke Re are both direct subsidiaries of Brooke Life Insurance Company ("Brooke Life"). The transaction primarily provides for the cession from Jackson to Brooke Re of liabilities associated with certain guaranteed benefit riders under variable annuity contracts and similar products of Jackson ("market risk benefits"), both in-force on the transaction effective date and written in the future (*i.e.*, on a "flow" basis). The reinsurance transaction eliminates upon consolidation at JFI. Holding company liquidity at JFI was not impacted by the transaction.

Brooke Re utilizes a modified U.S. GAAP approach for regulatory reporting purposes primarily related to market risk benefits, with the intent to increase alignment between assets and liabilities in response to changes in economic factors. The modifications include a fixed, long-term volatility assumption and adjustments to discount rates, guarantee fees and administrative expenses.

The transaction and related modified U.S. GAAP approach enable us to largely moderate the impact of the cash surrender value floor on Jackson's total adjusted capital, statutory required capital, and RBC ratio and enable more efficient economic hedging of the underlying risks of Jackson's business. Overall, this transaction allows us to optimize our hedging, stabilize capital generation, and produce more predictable financial results going forward.

- *Long-term Strategic Partnership with TPG Inc. ("TPG") and formation of Hickory Brooke Reinsurance Company ("Hickory Re")*: During the first quarter of 2026, Jackson entered into an agreement providing for a long-term strategic partnership with TPG, combining the strength of Jackson's annuity product expertise and broad distribution network with TPG's scaled private credit platform. The partnership aims to expand Jackson's spread-based product sales and to provide flexibility for future innovative insurance solutions. The benefits of this strategic partnership include increased opportunities for new business and earnings diversification, enhanced profitability and greater long-term value for Jackson stakeholders.

Upon the transaction closing in February 2026, subsidiaries and affiliates of Jackson Financial and TPG entered into non-exclusive investment management arrangements having 10-year initial terms with automatic one-year renewals through year 15, subject to various termination provisions, with TPG providing Investment Grade Asset Based Finance and Direct Lending investment capabilities to complement the asset management capabilities of PPM America, Inc. ("PPM"), a Jackson Financial subsidiary. The partnership is expected to strengthen investment capabilities within Jackson's general account with a focus on maintaining a well-diversified investment strategy that appropriately balances risk and returns to support annuity product sales in various market environments. PPM will continue to manage the majority of Jackson's general account and both Jackson and PPM will retain oversight of Jackson's investment portfolio. The combination of PPM and TPG's complementary investment capabilities is expected to enhance Jackson's profitability and competitive position.

As part of the closing, TPG Operating Group II, L.P. ("TPG Partnership") acquired an approximate 6.5% equity stake for \$500 million in Jackson Financial consisting of 4,715,554 shares of JFI common stock. Additionally, TPG issued to Jackson Brooke LLC ("JBLLC"), a wholly owned, indirect subsidiary of Jackson Financial, \$150 million equity stake in TPG representing 2,279,109 shares of TPG common stock. Under the terms of the agreement, TPG Partnership and JBLLC have agreed to certain limitations on their ability to divest their respective ownership stakes over time.

During the fourth quarter of 2025, Jackson entered into a reinsurance agreement with Hickory Re, on a quota-share coinsurance basis on certain fixed annuities and fixed index annuities issued by Jackson, including the annuitization of these contracts, with all economics of the transaction effective as of December 1, 2025. In consideration for the ceded contracts, Jackson transferred to Hickory Re an initial reinsurance premium consisting of assets with a market value equal to the estimated statutory reserve amount of the ceded contracts in the amount of \$1.2 billion. In addition, Hickory Re will reinsure new sales by Jackson of fixed annuities and fixed index annuities. The reinsurance transaction eliminates upon consolidation at JFI.

Hickory Re, a Michigan captive insurer, was capitalized in December 2025 with a \$150 million capital contribution consisting of excess cash from Jackson Financial. The \$500 million received by Jackson Financial from TPG was used to make a further capital contribution to Hickory Re. Hickory Re has been established to serve as a capital-efficient way to accelerate further sales growth of Jackson's fixed and fixed index annuity products as we grow our spread-based business. For regulatory reporting purposes, Hickory Re measures the liabilities for assumed contracts using a modified U.S. GAAP methodology that is intended to increase alignment between assets and liabilities in response to changes in economic factors.

The combination of these transactions is expected to increase Jackson's future profitability, general account asset growth and capital generation, supporting growth in free cash flows and capital return to common shareholders.

Key Operating Measures

We use a number of operating measures, discussed below, which management believes provide useful information about our businesses and the operational factors underlying our financial performance.

Sales

Sales of annuities and institutional products include all money deposited by customers into new and existing contracts. We believe sales statistics are useful to gaining an understanding of, among other things, the attractiveness of our products, how we can best meet our customers' needs, evolving industry product trends and the performance of our business from period to period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Sales				
Variable annuities ⁽¹⁾	\$ 2,734	\$ 2,525	\$ 5,247	\$ 5,187
RILA	2,344	1,385	4,354	2,580
Fixed Index Annuities	654	39	1,331	74
Fixed Annuities	158	431	237	570
Total Retail Annuity Sales	5,890	4,380	11,169	8,411
Total Institutional Product Sales	1,401	930	1,511	2,529
Total Sales	\$ 7,291	\$ 5,310	\$ 12,680	\$ 10,940

⁽¹⁾ Excludes certain internal exchanges.

Higher retail annuity sales for the three and six months ended June 30, 2026, were primarily due to increased RILA and fixed index annuity sales. In addition, sales of our institutional products were higher for the three months ended June 30, 2026, but lower for the six months ended June 30, 2026, reflecting our opportunistic approach to this business, which depends on both the risk-adjusted return on investment opportunities available and the prevailing cost of funding required by purchasers.

Account Value

Account value ("AV") generally refers to the account value of our variable annuities, RILA, fixed annuities, fixed index annuities, interest sensitive life, and institutional products. It reflects the total amount of customer invested assets that have accumulated within a respective product and equals cumulative customer contributions, which includes gross deposits or premiums, plus accrued credited interest plus or minus the impact of equity market movements, as applicable, less withdrawals and various fees. We believe account value is a useful metric in providing an understanding of, among other things, the sources of potential fee and spread income generation, potential benefit obligations and risk management priorities.

	June 30, 2026	December 31, 2025
	(in millions)	
Account Value		
GMWB For Life	\$ 179,314	\$ 174,293
GMWB	6,233	6,080
GMIB	1,122	1,138
GMAB	570	366
No Living Benefits	64,115	60,880
Total Variable Annuity Account Value	251,354	242,757
RILA	26,149	20,282
Fixed Annuity ⁽¹⁾	3,611	3,432
Fixed Index Annuity ⁽¹⁾	2,735	1,517
Total Fixed & Fixed Index Annuity Account Value ⁽¹⁾	6,346	4,949
Payout Annuity ⁽¹⁾	571	595
Total Retail Annuities Account Value ⁽¹⁾	\$ 284,420	\$ 268,583
Total Institutional Products Account Value	\$ 11,018	\$ 11,021
Total Closed Life and Annuity Blocks Account Value ⁽¹⁾	\$ 7,167	\$ 7,357

⁽¹⁾ Net of reinsurance.

Net Flows

Net flows represent the net change in customer account balances during a period, reflecting inflows from gross premiums received and outflows associated with surrenders, withdrawals and benefits payments. Net flows exclude investment performance, interest credited to customer accounts, transfers between fixed and variable benefits for variable annuities, and policy charges. We believe net flows is a useful metric in providing an understanding of, among other things, sales, ongoing premiums and deposits, the changes in account value from period to period, sources of potential fee and spread income, and policyholder behavior.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Net Flows:				
Variable Annuity	\$ (4,939)	\$ (3,887)	\$ (9,897)	\$ (8,669)
RILA	2,142	1,314	3,988	2,444
Fixed Annuity ⁽¹⁾	123	386	135	494
Fixed Index Annuity ⁽¹⁾	620	29	1,263	54
Payout Annuity ⁽¹⁾	(16)	5	(34)	—
Total Retail Annuities Net Flows ⁽¹⁾	(2,070)	(2,153)	(4,545)	(5,677)
Net flows ceded	(641)	(724)	(1,217)	(1,532)
Total Retail Annuities Net Flows, gross of reinsurance	(2,711)	(2,877)	(5,762)	(7,209)
Total Institutional Products Net Flows	(13)	437	(635)	1,173
Total Closed Life and Annuity Blocks Net Flows ⁽¹⁾	(73)	(71)	(156)	(140)
Total Net Flows	\$ (2,797)	\$ (2,511)	\$ (6,553)	\$ (6,176)

⁽¹⁾ Net of reinsurance.

Net flows, net of reinsurance, decreased for the three and six months ended June 30, 2026, compared to the three and six months ended June 30, 2025, driven by higher variable annuity surrenders and withdrawals and higher institutional product maturities, partially offset by increased RILA and fixed index annuity sales. Elevated variable annuity surrenders and withdrawals were driven by mature policies from higher sales years coming out of their surrender charge period, along with higher surrenders as guaranteed benefits are less in the money during times of strong equity market performance. The more recent environment of higher interest rates and attractive annuity alternatives, such as RILA, combined with Jackson's seasoned "out-of-the-money" book heightens exchange activity for us and the industry.

Benefit Base

Benefit base refers to a notional amount representing the value of a customer's guaranteed benefit and, therefore, may be a different value from the invested assets in that customer's account value. The benefit base may be used to calculate the fees for a customer's guaranteed benefits within an annuity contract. The guaranteed death benefit and guaranteed living benefit within the same contract may not have the same benefit base. We believe benefit base is a useful metric for our variable annuity policies in providing an understanding of, among other things, fee income generation, potential optional guarantee benefit obligations and risk management priorities. The following table shows variable annuity account value and benefit base as of June 30, 2026 and December 31, 2025:

	June 30, 2026		December 31, 2025	
	Account Value	Benefit Base	Account Value	Benefit Base
(in millions)				
No Living Benefits	\$ 64,115	N/A	\$ 60,880	N/A
By Guaranteed Living Benefits:				
GMWB for Life	179,314	174,212	174,293	174,976
GMWB	6,233	4,708	6,080	4,768
GMIB ⁽¹⁾	1,122	1,301	1,138	1,396
GMAB	570	515	366	343
Total	<u>\$ 251,354</u>	<u>\$ 180,736</u>	<u>\$ 242,757</u>	<u>\$ 181,483</u>
By Guaranteed Death Benefit:				
Return of AV (No GMDDB)	\$ 34,371	N/A	\$ 32,326	N/A
Return of Premium	191,255	127,398	185,237	128,793
Highest Anniversary Value ("HAV")	13,443	12,263	13,157	12,367
Rollup	3,093	3,626	3,095	3,774
Combination HAV/Rollup	9,192	9,238	8,942	9,308
Total	<u>\$ 251,354</u>	<u>\$ 152,525</u>	<u>\$ 242,757</u>	<u>\$ 154,242</u>

⁽¹⁾ Substantially all our GMIB benefits are reinsured.

Assets Under Management

AUM, or assets under management, includes: (i) investment assets managed by one of our subsidiaries, PPM, including our investment portfolio (but excluding assets held in funds withheld accounts for reinsurance transactions) and assets of other institutional clients and (ii) the separate account investment assets of our Retail Annuities segment managed and administered by another Company subsidiary, JNAM. Total AUM reflects exclusions between segments to avoid double counting. We believe AUM is a useful metric for understanding, among other things, the sources of our earnings, net investment income and performance of our invested assets, customer directed investments and risk management priorities.

	June 30, 2026	December 31, 2025
(in millions)		
Jackson Invested Assets	\$ 64,452	\$ 58,440
Third Party Invested Assets (including CLOs)	36,615	35,294
Total PPM AUM	<u>101,067</u>	<u>93,734</u>
Total JNAM AUM	266,867	257,325
Total AUM	<u>\$ 367,934</u>	<u>\$ 351,059</u>

Sales of RILA, fixed and fixed index annuities, and institutional products, along with a focus on growing its institutional client assets, contributed to the increase in PPM AUM. The increase in JNAM AUM primarily reflects favorable equity market performance.

Macroeconomic, Industry and Regulatory Trends

We highlight several trends and uncertainties below that we believe could materially affect our future business performance, including our results of operations, investments, cash flows, and capital and liquidity position.

Macroeconomic and Financial Market Conditions

Our business and results of operations are affected by macroeconomic factors. See “*Risks to Conditions in Global Financial Markets and the Economy*” in Part I, Item 1A. Risk Factors of our 2025 Annual Report for more information.

Government actions, including tariffs, sanctions or other barriers to international trade, restructuring of government services, responses to future pandemics, civil unrest, and geographic conflicts, and the effects that these or other government events could have on levels of U.S. economic activity, could also impact our business through any of their individual impacts on consumers' behavior or on financial markets.

In the short- to medium-term, increased volatility could pressure sales and reduce demand for our products as consumers consider purchasing alternative products to meet their objectives. Our financial performance can be adversely affected by market volatility and equity market declines if the account values of our annuities against which we assess fees fluctuate, hedging costs increase, or revenues decline due to reduced sales and increased outflows.

Equity Market Environment

Our financial performance is impacted by equity market performance.

- **Variable Annuity Fees:** Fees we earn that are not associated with guaranteed benefits are mainly based on the account value, which increases as equity market levels increase.
- **Index Interest Crediting on RILA and FIA Contracts:** RILA and FIA products feature a crediting rate formulaically linked to the performance of an external equity index. The interest credited to the contract increases as equity market levels increase.
- **Hedge Effectiveness in Face of Volatility:** Our hedges could be less effective in periods of large directional movements, or we could experience more frequent or more costly rebalancing in periods of high volatility. This could lead to adverse performance versus our hedge targets and increased hedging costs.
- **Basis Risk:** We are exposed to basis risk, which results from our inability to purchase or sell hedge assets whose performance fully correlates to the performance of the funds into which customers allocate their assets. We make available to customers funds where we believe we can transact in sufficiently correlated hedge assets, yet we anticipate some variance in the performance of our hedge assets relative to customer funds. This variance may result in our hedge assets outperforming or underperforming the customer assets they are intended to match. This variance may be exacerbated during periods of high volatility, leading to a mismatch in our hedge results relative to our hedge targets, and potentially an adverse effect on our U.S. GAAP results.

Interest Rate Environment

The interest rate environment has affected, and will continue to affect, our business and financial performance for the following reasons:

- **Hedge Effectiveness in Face of Volatility:** Our hedges could be less effective in periods of large directional interest rate movements, or we could experience more frequent or more costly rebalancing in periods of high interest rate volatility. This could lead to adverse performance versus our hedge targets and increased hedging costs.
- **Adverse Reactions to Pricing Changes:** Pricing actions we take in response to decreasing interest rates may reduce the attractiveness of crediting rates, guaranteed benefits, and other product features. This in turn may lead to reduced sales volumes.
- **Impact of Low Interest Rates:** Low interest rate environments could also subject us to increased hedging costs or an increase in the amount of regulatory reserves that our insurance subsidiaries are required to hold for optional guaranteed benefits, decreasing regulatory surplus, which would adversely affect our insurance subsidiaries' ability to pay dividends. In addition, low interest rates could also increase the perceived value of optional guaranteed benefit features to our customers, which in turn could lead to a higher utilization of withdrawal or annuitization features of annuity policies and higher persistency of those products over time.
- **Minimum Interest Crediting Rates:** Some of our annuities have guaranteed minimum interest crediting rates ("GMICRs") that limit our ability to reduce crediting rates. If earnings on our investment portfolio decline, those GMICRs may result in net investment spread compression that negatively impacts earnings. Many of our annuities have GMICRs that reset at contractually specified times after issue, subject to a contractually specified minimum. In a rising interest rate environment, these GMICRs can increase over time. Conversely, in a falling interest rate environment, the interest crediting rate will eventually decrease; however, there may be a lag between interest rate movements and the GMICR reset, temporarily limiting our ability to lower crediting rates. When policies have comparatively high GMICRs, in a subsequent low interest rate environment more customers are expected to hold on to their policies, which may result in lower lapses than previously expected.
- **Investment Activity:** The level of interest rates and the shape of the yield curve impact investment-related activity, including investment income returns, net investment spread results, new money rates, mortgage loan prepayments, and bond redemptions.
- **Impact of Rising Interest Rates:**
 - **Disintermediation Risk:** Interest rate increases also expose us to disintermediation risk, where higher rates make currently sold fixed annuity products more attractive while simultaneously reducing the market value of assets backing our liabilities. This creates an incentive for our customers to lapse their products in an environment where selling assets causes us to realize losses.
 - **Decreased Bond Fund Valuations:** Additionally, rising interest rates decrease the value of bond funds held by variable annuity clients. This in turn decreases the volume of fees we collect based on the account value and increases the value of any guaranteed benefits.
 - **Increased Cash Surrender Values:** Increasing interest rates also increase the cash surrender values of some of our RILAs. This increases the amount of regulatory reserves that our insurance subsidiaries are required to hold, decreasing regulatory surplus, which could adversely affect our insurance subsidiaries' ability to pay dividends.

Credit Market Environment

Conditions in fixed income markets impact our financial performance:

- **Impact of Widening/Tightening Credit Spreads:** As credit spreads widen, the fair value of our existing investment portfolio generally decreases, although we generally expect the widening spreads to increase the yield on new fixed income investments. Conversely, as credit spreads tighten, the fair value of our existing investment portfolio generally increases, and the yield available on new investment purchases decreases. While changing credit spreads impact the fair value of our investment portfolio, this revaluation is generally reflected in our accumulated other comprehensive income ("AOCI"). The revaluation will impact net income in the cases of realized gains or losses from the sale of securities, changes in fair value of trading securities or securities carried at fair value under the fair value election, or potential changes in the allowance for credit loss ("ACL"). In addition, if credit conditions deteriorate due to a recession or other negative credit events in capital markets, we could experience an increase in defaults and other-than-temporary-impairments ("OTTI").

Additionally, widening credit spreads decrease the value of bond funds held by variable annuity clients. This in turn decreases the volume of fees we collect based on the account value and increases the value of any guaranteed benefits.

- **Impact on Regulatory Capital:** OTTI in our underlying investments would reduce our insurance company subsidiaries' regulatory capital. Also, shifts in the credit quality or credit rating downgrades of our investments as a result of stressed credit conditions may impact the level of regulatory required capital for our insurance company subsidiaries. As such, significant credit rating downgrades along with elevated defaults and OTTI losses would negatively impact our RBC ratio, which could impact available dividends from our insurance subsidiaries.

Consumer Behavior

We believe that many retirees look to tax-efficient savings products as a tool for addressing their unmet need for retirement planning. We believe our products are well-positioned to meet this increasing consumer demand. However, consumer behavior may be impacted by increased economic uncertainty, unemployment rates, inflation rates, declining equity markets, significant changes in interest rates and increased volatility of financial markets. In recent years, we have introduced or reintroduced products, such as RILA or fixed annuities, to better address changes in consumer demand and targeted distribution channels that meet changes in consumer preferences.

Demographics

We expect demographic trends in the U.S. population, in particular the increase in the number of retirement age individuals, to generate significant demand for our products. In addition, the potential risk to government social safety net programs and shifting of responsibility for retirement planning and financial security from employers and other institutions to employees, highlight the need for individuals to plan for their long-term financial security and will create additional opportunities to generate sustained demand for our products. We believe we are well-positioned to capture the increased demand generated by these demographic trends.

Regulatory Policy

We operate in a highly regulated industry. Our insurance company subsidiaries are regulated primarily at the state level, with some policies and products also subject to federal regulation. New federal and state regulations could impact our business model, as described below and in Part I. Business - Regulation in our 2025 Annual Report. Our ability to respond to changes in regulation and other legislative activity is critical to our long-term financial performance. The following items could materially impact our business:

Legislative Reforms

In recent years, Congress approved legislation beneficial to our business model. The Setting Every Community Up for Retirement Enhancement Act of 2019 (the "SECURE Act"), approved by Congress on December 20, 2019, provides individuals with greater access to retirement products. Namely, it made it easier for 401(k) programs to offer annuities as an investment option by, among other things, creating a statutory safe harbor in ERISA for a retirement plan's selection of an annuity provider. On December 29, 2022, Congress signed into law the SECURE 2.0 Act of 2022 ("SECURE 2.0"). SECURE 2.0 expands automatic enrollment programs, increases the age for required minimum distributions, and eliminates age requirements for traditional IRA contributions. These changes are intended to expand and increase Americans' retirement savings.

Tax Laws

Our annuities offer investors the opportunity to benefit from tax deferrals. If U.S. tax laws change such that our annuities no longer offer tax-deferred advantages, demand for our products could materially decrease.

Changes to individual income tax rates and other elements of tax policy can make the tax deferral aspects of our products more or less attractive to consumers, affecting demand for our products.

Non-GAAP Financial Measures

In addition to presenting our results of operations and financial condition in accordance with U.S. GAAP, we use and report selected non-GAAP financial measures. Management believes that the use of these non-GAAP financial measures, together with relevant U.S. GAAP financial measures, provides a better understanding of our results of operations, financial condition and the underlying performance drivers of our business. These non-GAAP financial measures should be considered supplementary to our results of operations and financial condition that are presented in accordance with U.S. GAAP. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Consequently, our non-GAAP financial measures may not be comparable to similar measures used by other companies. These non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with U.S. GAAP.

Adjusted Operating Earnings

Adjusted Operating Earnings is an after-tax non-GAAP financial measure, which we believe should be used to evaluate our financial performance on a consolidated basis by excluding certain items that may be highly variable from period to period due to accounting treatment under U.S. GAAP or that are non-recurring in nature, as well as certain other revenues and expenses that we do not view as driving our underlying performance. Adjusted Operating Earnings should not be used as a substitute for net income as calculated in accordance with U.S. GAAP. However, we believe the adjustments to net income are useful for gaining an understanding of our overall results of operations.

Adjusted Operating Earnings equals our Net income (loss) attributable to Jackson Financial Inc.'s common shareholders (which excludes income attributable to non-controlling interest and dividends on preferred stock) adjusted to eliminate the impact of the items described in the following numbered paragraphs. These items are excluded as they may vary significantly from period to period due to near-term market conditions or are otherwise not directly comparable or reflective of the underlying performance of our business. We believe these exclusions provide investors a better picture of the drivers of our underlying performance.

1. *Net Hedging Results*: Comprised of: (i) fees attributed to guaranteed benefits; (ii) net gains (losses) on hedging instruments which includes: (a) changes in the fair value of freestanding derivatives, and related commissions and expenses, used to manage the risk associated with market risk benefits and other benefit features, excluding earned income from periodic settlements and changes in settlement accruals on cross-currency swaps; and (b) investment income and change in fair value of certain non-derivative assets used to manage the risk associated with market risk benefits and other benefit features; and (iii) the movements in reserves, market risk benefits, benefit features accounted for as embedded derivative instruments adjusted to exclude the cost of hedging for certain indexed annuity products, and related claims and benefit payments (excluding impacts of actuarial assumption updates and model enhancements). We believe excluding these items removes the impact to both revenue and related expenses associated with Net Hedging Results.
2. *Amortization of DAC Associated with Non-operating Items at Date of Transition to LDTI*: Amortization of the balance of unamortized deferred acquisition costs, at January 1, 2021, the date of transition to current Long Duration Targeted Improvements ("LDTI") accounting guidance, associated with items excluded from pretax adjusted operating earnings prior to transition.
3. *Actuarial Assumption Updates and Model Enhancements*: The impact on the valuation of MRBs and embedded derivatives arising from our annual actuarial assumption updates and model enhancements review.
4. *Net Realized Investment Gains and Losses*: Comprised of: (i) realized investment gains and losses associated with the periodic sales or disposals of securities, excluding those held within our trading portfolio; (ii) impairments of securities, after adjustment for the non-credit component of the impairment charges; and (iii) foreign currency gain or loss on foreign denominated funding agreements and associated cross-currency swaps.
5. *Change in Value of Funds Withheld Embedded Derivative and Net Investment Income on Funds Withheld Assets*: Composed of: (i) the change in fair value of funds withheld embedded derivatives; and (ii) net investment income on funds withheld assets related to funds withheld reinsurance transactions.
6. *Other Items*: Comprised of: (i) the impact of investments that are consolidated in our financial statements due to U.S. GAAP accounting requirements, such as our investments in collateralized loan obligations ("CLOs"), but for which the consolidation effects are not consistent with our economic interest or exposure to those entities; (ii) impacts from derivatives not included in Net Hedging Results or Net Realized Investment Gains or Losses (see 1. and 4. above), excluding earned income from periodic settlements and changes in settlement accruals on cross-currency swaps; (iii) investment income (loss) related to mark-to-market on TPG shares, which are subject to certain sales restrictions; and (iv) one-time or other non-recurring items.

Operating income taxes are calculated using the prevailing corporate federal income tax rate of 21% while considering any items recognized differently in our financial statements and federal income tax returns, including the dividends received deduction and other tax credits. For interim reporting periods, the Company uses an estimated annual effective tax rate ("ETR") in computing its tax provision including consideration of discrete items.

The following is a reconciliation of Adjusted Operating Earnings to net income (loss) attributable to Jackson Financial common shareholders, the most comparable U.S. GAAP measure.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Net income (loss) attributable to Jackson Financial Inc common shareholders	\$ 644	\$ 168	\$ 209	\$ 133
Add: dividends on preferred stock	11	11	22	22
Add: income tax expense (benefit)	5	4	25	5
Pretax income (loss) attributable to Jackson Financial Inc	660	183	256	160
Non-operating adjustments (income) loss:				
Guaranteed benefits and hedging results:				
Fees attributable to guarantee benefit reserves	(714)	(764)	(1,485)	(1,532)
Net gains (losses) on hedging instruments	(176)	1,840	284	829
Market risk benefits (gains) losses, net	(2,053)	(2,203)	(383)	43
Net reserve and embedded derivative movements	2,671	1,066	1,964	733
Total net hedging results	(272)	(61)	380	73
Amortization of DAC associated with non-operating items at date of transition to LDTI	118	127	239	255
Net realized investment (gains) losses	27	(30)	69	36
Net realized investment (gains) losses on funds withheld assets	297	327	456	715
Net investment income on funds withheld assets	(201)	(227)	(400)	(454)
Other items	(11)	87	48	63
Total non-operating adjustments	(42)	223	792	688
Pretax adjusted operating earnings	618	406	1,048	848
Less: operating income tax expense (benefit)	94	45	152	100
Adjusted operating earnings before dividends on preferred stock	524	361	896	748
Less: dividends on preferred stock	11	11	22	22
Adjusted operating earnings	\$ 513	\$ 350	\$ 874	\$ 726

Adjusted Book Value Attributable to Common Shareholders and Adjusted Operating ROE Attributable to Common Shareholders

We use Adjusted Operating Return on Equity ("ROE") Attributable to Common Shareholders to manage our business and evaluate our financial performance that: (i) excludes items that vary from period to period due to accounting treatment under U.S. GAAP or that are non-recurring in nature, as such items may distort the underlying performance of our business; and (ii) is calculated by dividing our Adjusted Operating Earnings by average Adjusted Book Value Attributable to Common Shareholders.

Adjusted Book Value Attributable to Common Shareholders excludes Preferred Stock and AOCI attributable to Jackson Financial, which does not include AOCI arising from investments held within the funds withheld account related to the Athene Reinsurance Transaction.

We exclude AOCI attributable to Jackson Financial from Adjusted Book Value Attributable to Common Shareholders because our invested assets are generally invested to closely match the duration of our liabilities, which are longer duration in nature, and therefore we believe period-to-period fair market value fluctuations in AOCI to be inconsistent with this objective. We believe excluding AOCI attributable to Jackson Financial is more useful to investors in analyzing trends in our business because it removes those short-term fluctuations. Changes in AOCI within the funds withheld account related to the Athene Reinsurance Transaction offset the related non-operating earnings from the Athene Reinsurance Transaction resulting in a minimal net impact on Adjusted Book Value of Jackson Financial.

Adjusted Book Value Attributable to Common Shareholders and Adjusted Operating ROE Attributable to Common Shareholders should not be used as substitutes for total shareholders' equity and ROE as calculated using annualized net income and average equity in accordance with U.S. GAAP. However, we believe the adjustments to equity and earnings are useful to gaining an understanding of our overall results of operations.

The following is a reconciliation of Adjusted Book Value Attributable to Common Shareholders to total shareholders' equity and a comparison of Adjusted Operating ROE Attributable to Common Shareholders to ROE Attributable to Common Shareholders, the most comparable U.S. GAAP measure:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions, except percentages)			
Net income (loss) attributable to Jackson Financial Inc. common shareholders	\$ 644	\$ 168	\$ 209	\$ 133
Adjusted Operating Earnings	513	350	874	726
Total shareholders' equity	\$ 9,962	\$ 10,354	\$ 9,962	\$ 10,354
Less: Preferred stock	533	533	533	533
Total common shareholders' equity	9,429	9,821	9,429	9,821
Adjustments to total common shareholders' equity:				
Exclude AOCI attributable to Jackson Financial Inc. ⁽¹⁾	1,387	1,233	1,387	1,233
Adjusted Book Value Attributable to Common Shareholders	\$ 10,816	\$ 11,054	\$ 10,816	\$ 11,054
ROE Attributable to Common Shareholders	28.0 %	6.9 %	4.5 %	2.8 %
Adjusted Operating ROE Attributable to Common Shareholders on average equity	19.4 %	12.7 %	16.5 %	13.1 %

⁽¹⁾ Excludes \$(1,238) million and \$(1,390) million related to the investments held within the funds withheld account related to the Athene Reinsurance Transaction as of June 30, 2026 and 2025, respectively, which are not attributable to Jackson Financial Inc. and are therefore not included as an adjustment to total shareholders' equity in the reconciliation of Adjusted Book Value Attributable to Common Shareholders to total shareholders' equity.

Free Cash Flow

Free cash flow is Jackson Financial Inc. (Parent Company only) net cash provided by (used in) operating activities less preferred stock dividends and capital contributions to PPM or other subsidiaries, plus the return of capital from subsidiaries. Free cash flow should not be used as a substitute for Jackson Financial's (Parent Company only) net cash provided by (used in) operating activities calculated in accordance with U.S. GAAP. However, we believe these adjustments are useful to gaining an understanding of our overall available cash flow at Jackson Financial for return of capital to common shareholders and other corporate initiatives.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Dividends and distributions to parent ⁽¹⁾	\$ 325	\$ 325	\$ 650	\$ 565
Issuance of treasury stock to TPG	—	—	500	—
Capital contributed to Hickory Re	—	—	(500)	—
Jackson Financial expenses and other, net	(38)	(35)	(75)	(62)
Free Cash Flow	<u>\$ 287</u>	<u>\$ 290</u>	<u>\$ 575</u>	<u>\$ 503</u>

⁽¹⁾ Cash distributed to Jackson Financial includes cash dividends and distributions of \$325 million and \$605 million and interest payments on surplus notes of nil and \$45 million to Jackson Financial from its subsidiaries for the three and six months ended June 30, 2026, and includes cash dividends and distributions of \$325 million and \$520 million and interest payments on surplus notes of nil and \$45 million to JFI from its subsidiaries for the three and six months ended June 30, 2025.

The following is a reconciliation of Jackson Financial, Inc. (Parent Company only) Net cash provided by (used in) operating activities, the most comparable U.S. GAAP measure, to Free Cash Flow:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Jackson Financial Inc. (Parent Company Only) Net cash provided by (used in) operating activities	\$ (27)	\$ (24)	\$ (8)	\$ 5
Adjustments from net cash provided by operating activities to free cash flow:				
Issuance of treasury stock to TPG	—	—	500	—
Capital distributions from subsidiaries	325	325	605	520
Capital contributed to subsidiaries	—	—	(500)	—
Dividends on preferred stock	(11)	(11)	(22)	(22)
Total adjustments	314	314	583	498
Free cash flow	<u>\$ 287</u>	<u>\$ 290</u>	<u>\$ 575</u>	<u>\$ 503</u>

Free Cash Flow Comprised of:

Issuance of treasury stock to TPG	\$ —	\$ —	\$ 500	\$ —
Capital distributions from subsidiaries	325	325	605	520
Interest on surplus notes from subsidiary	—	—	45	45
Cash distributed to Jackson Financial	325	325	1,150	565
Capital contributed to Hickory Re	—	—	(500)	—
Parent company expenses	(37)	(29)	(66)	(57)
Net investment income and other income	8	6	15	14
Other, net	(9)	(12)	(24)	(19)
Jackson Financial expenses and other, net	(38)	(35)	(75)	(62)
Free cash flow	<u>\$ 287</u>	<u>\$ 290</u>	<u>\$ 575</u>	<u>\$ 503</u>

Consolidated Results of Operations

The following table sets forth, for the periods presented, certain data from our Condensed Consolidated Income Statements. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes elsewhere in this report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Revenues				
Fee income	\$ 1,968	\$ 1,942	\$ 3,966	\$ 3,928
Premiums	38	40	66	80
Net investment income:				
Net investment income excluding funds withheld assets	727	491	1,268	1,019
Net investment income on funds withheld assets	201	227	400	454
Total net investment income	928	718	1,668	1,473
Net gains (losses) on derivatives and investments:				
Net gains (losses) on derivatives and investments	(2,487)	(2,860)	(2,204)	(1,517)
Net gains (losses) on funds withheld reinsurance treaties	(297)	(327)	(456)	(715)
Total net gains (losses) on derivatives and investments	(2,784)	(3,187)	(2,660)	(2,232)
Other income	18	16	30	30
Total revenues	168	(471)	3,070	3,279
Benefits and Expenses				
Death, other policy benefits and change in policy reserves, net of deferrals	221	256	479	500
(Gain) loss from updating future policy benefits cash flow assumptions, net	20	12	38	24
Market risk benefits (gains) losses, net	(2,053)	(2,203)	(383)	43
Interest credited on other contract holder funds, net of deferrals and amortization	320	295	635	583
Interest expense	27	25	52	50
Operating costs and other expenses, net of deferrals	687	681	1,422	1,358
Amortization of deferred acquisition costs	281	274	562	549
Total benefits and expenses	(497)	(660)	2,805	3,107
Pretax income (loss)	665	189	265	172
Income tax expense (benefit)	5	4	25	5
Net income (loss)	660	185	240	167
Less: Net income (loss) attributable to noncontrolling interests	5	6	9	12
Net income (loss) attributable to Jackson Financial Inc.	655	179	231	155
Less: Dividends on preferred stock	11	11	22	22
Net income (loss) attributable to Jackson Financial Inc. common shareholders	\$ 644	\$ 168	\$ 209	\$ 133

*Three Months Ended June 30, 2026 compared to Three Months Ended June 30, 2025***Pretax Income (Loss)**

Our pretax income (loss) increased by \$476 million to \$665 million for the three months ended June 30, 2026, from \$189 million for the three months ended June 30, 2025, primarily due to:

- \$403 million favorable change in total net gains (losses) on derivatives and investments as discussed below:

	Three Months Ended June 30,		
	2026	2025	Variance
	(in millions)		
Net gains (losses) excluding derivatives and funds withheld assets	\$ (21)	\$ (109)	\$ 88
Net gains (losses) on freestanding derivatives	155	(1,755)	1,910
Net gains (losses) on embedded derivatives (excluding funds withheld reinsurance)	(2,621)	(996)	(1,625)
Net gains (losses) on derivative instruments	(2,466)	(2,751)	285
Net gains (losses) on funds withheld reinsurance	(297)	(327)	30
Total net gains (losses) on derivatives and investments	<u>\$ (2,784)</u>	<u>\$ (3,187)</u>	<u>\$ 403</u>

- Volumes of freestanding derivatives can vary significantly period over period and movements in those derivatives are subject to interest rate or market movements. The movements in equity hedges were primarily driven by impacts from the growth of our RILA block during the three months ended June 30, 2026. The movements in interest rate hedges were primarily driven by an increase in interest rates during the three months ended June 30, 2026 compared to a decrease in interest rates during the three months ended June 30, 2025.

This was partially offset by:

- Embedded derivative movements were unfavorable largely due to increased market impacts on our growing RILA block during the three months ended June 30, 2026, compared to the prior year.
- \$210 million increase in net investment income resulting from higher income on bonds, partially offset by lower income on funds withheld assets during the three months ended June 30, 2026;
- \$27 million decrease in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, primarily due to decreases in reserves due to run off of the closed block of life business during the three months ended June 30, 2026, compared to the prior year; and
- \$26 million increase in fee income, primarily due to higher variable fee income, due to higher average separate account values, partially offset by decreases in benefit-based guarantee fee income during the three months ended June 30, 2026, compared to the prior year.

These movements were partially offset by:

- \$150 million unfavorable movements in market risk benefits (gains) losses, primarily due to less favorable movements in interest rates, partially offset by more favorable fund performance and volatility movements during the three months ended June 30, 2026, compared to the prior year; and
- \$25 million increase in interest credited on other contract holder funds, net of deferrals and amortization, primarily due to increased retail new and in force business during the three months ended June 30, 2026, compared to the prior year.

Income Taxes

Income tax expense increased \$1 million reflecting an increase in expense to \$5 million for the three months ended June 30, 2026, from an expense of \$4 million for the three months ended June 30, 2025. The provision for income tax in the current period led to an effective income tax rate ("ETR") of 1% for the three months ended June 30, 2026, compared to the ETR of 2% for the three months ended June 30, 2025. The ETR, excluding significant, unusual or infrequently occurring items, differs from the statutory rate of 21% primarily due to the dividends received deduction and utilization of foreign tax credits. See Note 15 - Income Taxes of the Notes to Consolidated Financial Statements in our 2025 Annual Report and Note 15 - Income Taxes of the Notes to Condensed Consolidated Financial Statements in this report for more information.

Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025**Pretax Income (Loss)**

Our pretax income (loss) increased by \$93 million to \$265 million for the six months ended June 30, 2026, from \$172 million for the six months ended June 30, 2025, primarily due to:

- \$426 million in favorable movements in market risk benefits (gains) losses, net, primarily due to more favorable movements in interest rates during the six months ended June 30, 2026, compared to the prior year;
- \$195 million increase in net investment income resulting from higher income on bonds and lower expenses, partially offset by lower income on equity securities and funds withheld assets during the six months ended June 30, 2026;
- \$38 million increase in fee income primarily due to higher variable fee income, due to higher average separate account values, partially offset by decreases in benefit-based guarantee fee income during six months ended June 30, 2026, compared to the prior year; and
- \$7 million decrease in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, driven by higher death claim benefits due to the implementation of enhanced processes and data sources for identifying deceased policyholders, partially offset by decreases in reserves due to these higher claims during the six months ended June 30, 2026, compared to prior year.

These movements were partially offset by:

- \$428 million unfavorable change in total net gains (losses) on derivatives and investments as discussed below:

	Six Months Ended June 30,		
	2026	2025	Variance
	(in millions)		
Net gains (losses) excluding derivatives and funds withheld assets	\$ (68)	\$ (175)	\$ 107
Net gains (losses) on freestanding derivatives	(279)	(742)	463
Net gains (losses) on embedded derivatives (excluding funds withheld reinsurance)	(1,857)	(600)	(1,257)
Net gains (losses) on derivative instruments	(2,136)	(1,342)	(794)
Net gains (losses) on funds withheld reinsurance	(456)	(715)	259
Total net gains (losses) on derivatives and investments	<u>\$ (2,660)</u>	<u>\$ (2,232)</u>	<u>\$ (428)</u>

- Embedded derivative movements were unfavorable largely due to increased market impacts on our growing RILA block, compared to the prior year.

This movement was partially offset by:

- Volumes of freestanding derivatives can vary significantly period over period and movements in those derivatives are subject to interest rate or market movements. The movements in equity hedges were primarily driven by impacts from the growth of our RILA block during the six months ended June 30, 2026. The movements in interest rate hedges were primarily driven by an increase in interest rates during the six months ended June 30, 2026 compared to a decrease in interest rates during the prior year; and
- Lower losses recognized on funds withheld reinsurance were driven by an increase in interest rates impacting the value of the embedded derivative during the six months ended June 30, 2026, compared to a decrease in interest rates during the prior year.
- \$64 million increase in operating costs and other expenses, net of deferrals, primarily due to higher asset-based non-deferrable commissions, due to higher account values, and higher incentive compensation expenses during the six months ended June 30, 2026, compared to prior year; and
- \$52 million increase in interest credited on contract holder funds, net of deferrals and amortization, primarily due to increased retail new and in force business during the six months ended June 30, 2026 and higher average institutional account balances in 2026, compared to the prior year.

Income Taxes

Income tax expense increased \$20 million to an expense of \$25 million for the six months ended June 30, 2026, from an expense of \$5 million for the six months ended June 30, 2025. The provision for income tax in the current period led to an effective tax rate ("ETR") of 10% for the six months ended June 30, 2026 compared to an ETR of 3% the six months ended June 30, 2025. The change in the ETR during the six months ended June 30, 2026 compared to the six months ended June 30, 2025 was due to the relationship of the taxable income to the consolidated pre-tax income (loss). The ETR, excluding significant, unusual or infrequently occurring items, differs from the statutory rate of 21% primarily due to the dividends received deduction and utilization of foreign tax credits. *See Note 15 - Income Taxes of the Notes to Consolidated Financial Statements in our 2025 Annual Report and Note 15 - Income Taxes of the Notes to Condensed Consolidated Financial Statements in this report for more information.*

Segment Results of Operations

We manage our business through three reportable segments: Retail Annuities, Institutional Products, and Closed Life and Annuity Blocks. We report certain activities and items that are not included in these segments, including the results of PPM Holdings, Inc., the holding company of PPM, within Corporate and Other. The following tables and discussion represent an overall view of our results of operations for each segment.

Pretax Adjusted Operating Earnings by Segment

The following table summarizes pretax adjusted operating earnings (non-GAAP) from the Company's business segment operations and also provides a reconciliation of the segment measure to net income on a consolidated U.S. GAAP basis. As part of the Company's asset liability management program, management monitors the allocation of invested assets supporting the Company's contractual liabilities. Also, see Note 3 - Segment Information of the Notes to Condensed Consolidated Financial Statements for further information regarding the calculation of pretax adjusted operating earnings:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Pretax Adjusted Operating Earnings by Segment:				
Retail Annuities	\$ 621	\$ 417	\$ 1,089	\$ 837
Institutional Products	29	19	57	37
Closed Life and Annuity Blocks	(10)	22	(39)	50
Corporate and Other	(22)	(52)	(59)	(76)
Pretax Adjusted Operating Earnings	618	406	1,048	848
Pre-tax reconciling items from adjusted operating income to net income (loss) attributable to Jackson Financial Inc.:				
Guaranteed benefits and hedging results:				
Fees attributable to guarantee benefit reserves	714	764	1,485	1,532
Net gains (losses) on hedging instruments	176	(1,840)	(284)	(829)
Market risk benefits gains (losses), net	2,053	2,203	383	(43)
Net reserve and embedded derivative movements	(2,671)	(1,066)	(1,964)	(733)
Total net hedging results	272	61	(380)	(73)
Amortization of DAC associated with non-operating items at date of transition to LDTI	(118)	(127)	(239)	(255)
Net realized investment gains (losses)	(27)	30	(69)	(36)
Net realized investment gains (losses) on funds withheld assets	(297)	(327)	(456)	(715)
Net investment income on funds withheld assets	201	227	400	454
Other items	11	(87)	(48)	(63)
Total pre-tax reconciling items	42	(223)	(792)	(688)
Pretax income (loss) attributable to Jackson Financial Inc.	660	183	256	160
Income tax expense (benefit)	5	4	25	5
Net income (loss) attributable to Jackson Financial Inc.	655	179	231	155
Less: Dividends on preferred stock	11	11	22	22
Net income (loss) attributable to Jackson Financial Inc. common shareholders	\$ 644	\$ 168	\$ 209	\$ 133

Retail Annuities

The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for our Retail Annuities segment. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Retail Annuities:				
Operating Revenues				
Fee income	\$ 1,140	\$ 1,059	\$ 2,251	\$ 2,154
Premiums	18	20	23	34
Net investment income	388	204	708	391
Other income	7	7	13	14
Total Operating Revenues	1,553	1,290	2,995	2,593
Operating Benefits and Expenses				
Death, other policy benefits and change in policy reserves	30	33	60	62
(Gain) loss from updating future policy benefits cash flow assumptions, net	—	(1)	(1)	(4)
Interest credited	130	101	248	195
Interest expense	5	5	11	11
Asset-based commission expenses	298	273	593	557
Other commission expenses	345	235	660	441
Sub-advisor expenses	74	78	150	158
General and administrative expenses	191	189	423	389
Deferral of acquisition costs	(302)	(185)	(557)	(343)
Amortization of deferred acquisition costs	161	145	319	290
Total Operating Benefits and Expenses	932	873	1,906	1,756
Pretax Adjusted Operating Earnings	\$ 621	\$ 417	\$ 1,089	\$ 837

The following table summarizes a roll-forward of activity affecting account value for our Retail Annuities segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Retail Annuities Account Value:				
Balance as of beginning of period	\$ 257,123	\$ 240,806	\$ 268,583	\$ 251,665
Premiums and deposits ⁽¹⁾	5,917	4,421	11,235	8,509
Surrenders, withdrawals, and benefits ⁽¹⁾	(7,987)	(6,574)	(15,780)	(14,186)
Net flows	(2,070)	(2,153)	(4,545)	(5,677)
Investment performance	27,362	18,926	19,759	12,611
Change in value of equity option	2,620	993	1,856	598
Interest credited	124	101	240	195
Policy charges and other	(739)	(721)	(1,473)	(1,440)
Balance as of end of period, net of ceded reinsurance	284,420	257,952	284,420	257,952
Ceded reinsurance	11,679	13,704	11,679	13,704
Balance as of end of period, gross of reinsurance	\$ 296,099	\$ 271,656	\$ 296,099	\$ 271,656

⁽¹⁾ Excludes certain internal exchanges.

Three Months Ended June 30, 2026 compared to Three Months Ended June 30, 2025***Pretax Adjusted Operating Earnings***

Pretax adjusted operating earnings increased \$204 million to \$621 million for the three months ended June 30, 2026, from \$417 million for the three months ended June 30, 2025, primarily due to:

- \$155 million increase in spread income due to \$184 million higher investment income, partially offset by \$29 million higher interest credited on contract holder funds, compared to the prior year. The increase in investment income was primarily driven by higher debt securities income related primarily to higher invested asset balances. Higher interest credited was primarily due to increased RILA and fixed index annuity new and in force business during the three months ended June 30, 2026, compared to prior year; and
- \$81 million increase in fee income primarily due to higher average separate account values, during the three months ended June 30, 2026, compared to the prior year.

These movements were partially offset by:

- \$16 million increase in commissions and general expenses, net of deferrals, primarily due to higher asset-based commission of \$25 million, due to higher account values during the three months ended June 30, 2026, compared to the prior year.

Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025***Pretax Adjusted Operating Earnings***

Pretax adjusted operating earnings increased \$252 million to \$1,089 million for the six months ended June 30, 2026, from \$837 million for the six months ended June 30, 2025, primarily due to:

- \$264 million increase in spread income primarily due to \$317 million higher investment income, partially offset by \$53 million higher interest credited on contract holder funds compared to the prior year. The increase in investment income was driven by higher debt securities income primarily due to higher invested asset balances. Increased interest credited was primarily due to increased RILA and fixed index annuity new and in force business during the six months ended June 30, 2026; and
- \$97 million increase in fee income primarily due higher average separate account values during the six months ended June 30, 2026, compared to prior year.

These movements were partially offset by:

- \$67 million increase in commissions and general expenses, net of deferrals, reflecting higher asset-based commission of \$36 million, due to higher account values during the six months ended June 30, 2026, and higher general expenses of \$34 million primarily driven by higher incentive compensation during the six months ended June 30, 2026, compared to prior year.

Account Value

Retail Annuities account value, net of reinsurance, increased \$26 billion over the prior year period primarily due to positive variable annuity separate account returns driven by favorable market performance during 2026, as well as positive RILA and fixed index annuity net flows over the current period.

Institutional Products

The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for our Institutional Products segment. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Institutional Products:				
Operating Revenues				
Net investment income	\$ 140	\$ 125	\$ 283	\$ 241
Total Operating Revenues	140	125	283	241
Operating Benefits and Expenses				
Interest credited	109	104	223	201
General and administrative expenses	2	2	3	3
Total Operating Benefits and Expenses	111	106	226	204
Pretax Adjusted Operating Earnings	\$ 29	\$ 19	\$ 57	\$ 37

The following table summarizes a roll-forward of activity affecting account value for our Institutional Products segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Institutional Products:				
Balance as of beginning of period	\$ 11,141	\$ 9,262	\$ 11,021	\$ 8,384
Premiums and deposits	1,401	930	1,511	2,529
Surrenders, withdrawals, and benefits	(1,414)	(493)	(2,146)	(1,356)
Net flows	(13)	437	(635)	1,173
Interest credited	109	104	223	201
Policy charges and other ⁽¹⁾	(219)	551	409	596
Balance as of end of period	\$ 11,018	\$ 10,354	\$ 11,018	\$ 10,354

⁽¹⁾ Includes net deposit and withdrawal activity for FABCP funding agreements, which are generally short-term in nature. See Note 10 - Other Contract Holder Funds in the Notes to Condensed Consolidated Financial Statements elsewhere in this report for information regarding FABCP funding agreements.

Three Months Ended June 30, 2026 compared to Three Months Ended June 30, 2025

Pretax Adjusted Operating Earnings

Pretax adjusted operating earnings increased \$10 million to \$29 million for the three months ended June 30, 2026, from \$19 million for the three months ended June 30, 2025, reflecting a \$10 million increase in spread income primarily due to a \$15 million increase in investment income, due to higher invested asset balances, partially offset by a \$5 million increase in interest credited.

Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025

Pretax Adjusted Operating Earnings

Pretax adjusted operating earnings increased \$20 million to \$57 million for the six months ended June 30, 2026, from \$37 million for the six months ended June 30, 2025, reflecting an \$20 million increase in spread income primarily due to a \$42 million increase in investment income, due to higher invested asset balances, partially offset by a \$22 million increase in interest credited, due to increased account values.

Account Value

Institutional product account value increased from \$10,354 million at June 30, 2025, to \$11,018 million at June 30, 2026. The increase in account value was primarily driven by an increased amount of FABN and FABCP funding agreements in 2025, partially offset by maturities of our existing funding agreements. See Note 10 - Other Contract Holder Funds in the Notes to Condensed Consolidated Financial Statements elsewhere in this report for information regarding FABN and FABCP funding agreements.

Closed Life and Annuity Blocks

The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for our Closed Life and Annuity Blocks segment. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Closed Life and Annuity Blocks:				
Operating Revenues				
Fee income	\$ 102	\$ 107	\$ 205	\$ 215
Premiums	22	21	47	50
Net investment income	140	181	286	368
Other income	5	5	11	11
Total Operating Revenues	269	314	549	644
Operating Benefits and Expenses				
Death, other policy benefits and change in policy reserves, net of deferrals	135	154	306	308
(Gain) loss from updating future policy benefits cash flow assumptions, net	20	11	36	25
Interest credited	86	90	172	187
Other commission expenses	8	8	15	17
General and administrative expenses	28	27	55	54
Deferral of acquisition costs	—	—	—	(1)
Amortization of deferred acquisition costs	2	2	4	4
Total Operating Benefits and Expenses	279	292	588	594
Pretax Adjusted Operating Earnings				
	\$ (10)	\$ 22	\$ (39)	\$ 50

Three Months Ended June 30, 2026 compared to Three Months Ended June 30, 2025***Pretax Adjusted Operating Earnings***

Pretax adjusted operating earnings decreased \$32 million to \$(10) million for the three months ended June 30, 2026, from \$22 million for the three months ended June 30, 2025, primarily due to:

- \$37 million decrease in spread income due to a \$41 million decrease in net investment income primarily due to lower income on limited partnerships, which are recorded on a one quarter lag, partially offset by a \$4 million decrease in interest credited, resulting from the continued run off of the closed block of life business.

This movement was partially offset by:

- \$10 million decrease in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, primarily due to decreases in reserves due to run off of the closed block of life business during the three months ended June 30, 2026, compared to prior year.

Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025***Pretax Adjusted Operating Earnings***

Pretax adjusted operating earnings decreased \$89 million to \$(39) million for the six months ended June 30, 2026, from \$50 million for the six months ended June 30, 2025, primarily due to:

- \$67 million decrease in spread income due to a \$82 million decrease in net investment income primarily due to lower income on limited partnerships, which are recorded on a one quarter lag, partially offset by a \$15 million decrease in interest credited, resulting from the continued run off of the closed block of life business;
- \$10 million decrease in fee income resulting from the continued run off of the closed block of life business; and
- \$9 million increase in death, other policy benefits, and change in policy reserves, net of (gain) loss from updating future policy benefits cash flow assumptions, driven by higher death claim benefits due to the implementation of enhanced processes and data sources for identifying deceased policyholders, partially offset by decreases in reserves due to these higher claims and lower other policyholder benefits during the six months ended June 30, 2026.

Corporate and Other

Corporate and Other includes the operations of PPM Holdings, Inc., the parent holding company of PPM, and unallocated corporate revenue and expenses, as well as certain eliminations and consolidation adjustments. The following table sets forth, for the periods presented, certain data underlying the pretax adjusted operating earnings results for Corporate and Other. The information contained in the table below should be read in conjunction with our Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this report:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Corporate and Other:				
Operating Revenues				
Fee income	\$ 10	\$ 10	\$ 21	\$ 22
Net investment income	27	8	35	19
Other income	6	4	6	5
Total Operating Revenues	43	22	62	46
Operating Benefits and Expenses				
Interest expense	22	20	41	39
Sub-advisor expenses	(1)	(2)	(3)	(4)
General and administrative expenses	44	56	83	87
Total Operating Benefits and Expenses	65	74	121	122
Pretax Adjusted Operating Earnings	\$ (22)	\$ (52)	\$ (59)	\$ (76)

Three Months Ended June 30, 2026 compared to Three Months Ended June 30, 2025*Pretax Adjusted Operating Earnings*

Pretax adjusted operating earnings improved \$30 million to \$(22) million for the three months ended June 30, 2026, from \$(52) million for the three months ended June 30, 2025, primarily driven by a \$19 million increase in net investment income and a \$12 million decrease in general and administrative expenses, primarily due to lower deferred compensation expenses during the three months ended June 30, 2026.

Six Months Ended June 30, 2026 compared to Six Months Ended June 30, 2025*Pretax Adjusted Operating Earnings*

Pretax adjusted operating earnings improved \$17 million to \$(59) million for the six months ended June 30, 2026, from \$(76) million for the six months ended June 30, 2025, primarily driven by a \$16 million increase in net investment income during the six months ended June 30, 2026.

Investments

Our investment portfolio primarily consists of fixed-income securities and loans, publicly-traded corporate and government bonds, private securities and loans, asset-backed securities and mortgage loans. Asset-backed securities include mortgage-backed and other structured securities. The fair value of these and our other invested assets fluctuates depending on market and other general economic conditions and the interest rate environment and is affected by other economic factors.

Investment Strategy

Our overall investment strategy seeks to maintain a diversified and largely investment grade fixed income portfolio that is capital efficient, achieves risk-adjusted returns that support competitive pricing for our products, generates profitable growth of our business and maintains adequate liquidity to support our obligations. We utilize repurchase and reverse repurchase transactions as a part of our overall portfolio management program to assist with collateral requirements associated with our hedging program and other liquidity needs of our insurance subsidiaries.

Our investment program seeks to generate a competitive rate of return on our invested assets to support the profitable growth of our business, while maintaining investment portfolio allocations within the Company's risk tolerance. This means maximizing risk-adjusted return within the context of a largely fixed income portfolio while also managing exposure to downside risk in a stressed environment, regulatory and rating agency capital models, overall portfolio yield, diversification and correlation with other investments and company exposures.

The investments within our investment portfolio are primarily managed by PPM, our wholly-owned registered investment advisor. Our investment strategy benefits from PPM's ability to originate investments directly, as well as participate in transactions originated by banks, investment banks, commercial finance companies and other intermediaries. Certain investments held in funds withheld accounts for reinsurance transactions are managed by Apollo Insurance Solutions Group LP ("Apollo"), an Athene affiliate. *See Note 8 - Reinsurance of the Notes to Condensed Consolidated Financial Statements for further details.* We use other third-party investment managers for certain niche asset classes. As of June 30, 2026, Apollo managed \$10.5 billion of cash and investments and other third-party investment managers managed approximately \$1.1 billion of investments.

Our Investment Committee has specified a target strategic asset allocation ("SAA") that is designed to deliver the highest expected return within a defined risk tolerance while meeting other important objectives such as those mentioned in the second preceding paragraph. The fixed income portion of the SAA is assessed relative to a customized index of public corporate bonds that represents a close approximation of the maturity profile of our liabilities and a credit quality mix that is consistent with our risk tolerance. PPM's objective is to outperform this index on a number of measures including portfolio yield, total return and capital loss due to downgrades and defaults. While PPM has access to a broad universe of potential investments, we believe grounding the investment program with a customized public corporate index that can be easily tracked and monitored helps guide PPM in meeting the risk and return expectations and assists with performance evaluation.

Recognizing the trade-offs between the level of risk, required capital, liquidity and investment return, the largest allocation within our investment portfolio is to investment grade fixed income securities. As previously mentioned, our investment manager accesses a broad universe of potential investments to construct the investment portfolio and considers the benefits of diversification across various sectors, collateral types and asset classes. To this end, our SAA and investment portfolio includes allocations to public and private corporate bonds (both investment grade and high yield), mortgage loans, structured securities, private equity and U.S. Treasury securities. These U.S. Treasury securities, while lower yielding than other alternatives, provide a higher level of liquidity and play a role in managing our interest rate exposure.

Portfolio Composition

The following table summarizes the carrying values of our investments:

	June 30, 2026			December 31, 2025		
	Investments excluding Funds Withheld	Funds Withheld	Total	Investments excluding Funds Withheld	Funds Withheld	Total
	(in millions)					
Debt Securities, available-for-sale, net of allowance for credit losses	\$ 45,338	\$ 6,870	\$ 52,208	\$ 39,374	\$ 7,947	\$ 47,321
Debt Securities, at fair value under fair value option	3,352	182	3,534	3,464	6	3,470
Equity securities, at fair value	209	53	262	84	88	172
Mortgage loans, net of allowance for credit losses	8,428	1,986	10,414	7,785	2,102	9,887
Mortgage loans, at fair value under fair value option	—	595	595	—	324	324
Policy loans	856	3,628	4,484	878	3,548	4,426
Freestanding derivative instruments	416	6	422	452	(4)	448
Other invested assets	2,705	687	3,392	2,473	712	3,185
Total investments	<u>\$ 61,304</u>	<u>\$ 14,007</u>	<u>\$ 75,311</u>	<u>\$ 54,510</u>	<u>\$ 14,723</u>	<u>\$ 69,233</u>

Available-for-sale debt securities increased to \$52,208 million at June 30, 2026, from \$47,321 million at December 31, 2025. The amortized cost of available-for-sale debt securities increased to \$55,815 million as of June 30, 2026, from \$50,491 million as of December 31, 2025. Further, net unrealized losses, after adjusting for allowance for credit loss, were \$3,583 million as of June 30, 2026, compared to \$3,159 million as of December 31, 2025.

Other Invested Assets

Other invested assets increased to \$3,392 million at June 30, 2026 from \$3,185 million at December 31, 2025.

Debt Securities

At June 30, 2026 and December 31, 2025, the amortized cost, allowance for credit loss, gross unrealized gains and losses, and fair value of debt securities, including trading securities and securities carried at fair value under the fair value option, were as follows (in millions):

June 30, 2026	Amortized Cost	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	\$ 4,335	\$ —	\$ —	\$ 866	\$ 3,469
Other government securities	1,288	—	8	184	1,112
Corporate securities					
Utilities	7,155	—	47	504	6,698
Energy	3,954	5	34	218	3,765
Banking	3,724	—	30	110	3,644
Healthcare	3,881	—	21	332	3,570
Finance/Insurance	6,032	—	38	318	5,752
Technology/Telecom	2,907	—	9	196	2,720
Consumer goods	2,775	—	25	238	2,562
Industrial	1,913	—	15	81	1,847
Capital goods	1,926	—	15	103	1,838
Real estate	2,351	—	9	94	2,266
Media	972	—	4	102	874
Transportation	1,647	—	8	133	1,522
Retail	1,442	—	6	125	1,323
Other ⁽¹⁾	3,367	—	22	91	3,298
Total Corporate Securities	44,046	5	283	2,645	41,679
Residential mortgage-backed	456	1	20	29	446
Commercial mortgage-backed	2,087	—	4	62	2,029
Other asset-backed securities	7,137	18	16	128	7,007
Total Debt Securities	<u>\$ 59,349</u>	<u>\$ 24</u>	<u>\$ 331</u>	<u>\$ 3,914</u>	<u>\$ 55,742</u>

⁽¹⁾ No single remaining industry exceeds 3% of the portfolio.

December 31, 2025	Amortized Cost	Allowance for Credit Loss	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	\$ 3,854	\$ —	\$ 2	\$ 851	\$ 3,005
Other government securities	1,254	—	4	193	1,065
Corporate securities					
Utilities	6,529	—	75	458	6,146
Energy	3,678	—	51	211	3,518
Banking	3,230	—	62	97	3,195
Healthcare	3,685	—	37	313	3,409
Finance/Insurance	5,816	—	83	300	5,599
Technology/Telecom	2,798	—	20	182	2,636
Consumer goods	2,753	—	40	267	2,526
Industrial	1,828	—	26	79	1,775
Capital goods	1,853	—	25	98	1,780
Real estate	1,869	—	21	79	1,811
Media	1,021	—	7	100	928
Transportation	1,559	—	16	125	1,450
Retail	1,328	—	10	116	1,222
Other ⁽¹⁾	3,097	—	45	75	3,067
Total Corporate Securities	41,044	—	518	2,500	39,062
Residential mortgage-backed	445	4	24	23	442
Commercial mortgage-backed	1,873	—	10	54	1,829
Other asset-backed securities	5,491	7	34	130	5,388
Total Debt Securities	\$ 53,961	\$ 11	\$ 592	\$ 3,751	\$ 50,791

⁽¹⁾ No single remaining industry exceeds 3% of the portfolio.

Evaluation of Available-For-Sale Debt Securities for Credit Loss

See Note 4 - Investments of the Notes to Condensed Consolidated Financial Statements for information about how we evaluate our available-for-sale debt securities for credit loss.

Equity Securities

Equity securities consist of investments in common and preferred stock and mutual fund investments. Common and preferred stock investments generally arise out of previous private equity investments or other settlements rather than as direct investments. Mutual fund investments typically represent investments made in our own mutual funds to seed those structures for external issuance at a later date. The following table summarizes our holdings:

	June 30, 2026	December 31, 2025
	(in millions)	
Common Stock	\$ 103	\$ 7
Preferred Stock	98	135
Mutual Funds	61	30
Total	\$ 262	\$ 172

Mortgage Loans

At June 30, 2026, commercial mortgage loans were collateralized by properties located in 36 states, the District of Columbia, and Europe. Residential mortgage loans were collateralized by properties located in 48 states, the District of Columbia, Mexico, and Europe.

The table below presents the carrying value, net of allowance for credit loss, of our mortgage loans by property type:

	June 30, 2026	December 31, 2025
	(in millions)	
Commercial:		
Apartment	\$ 3,332	\$ 2,866
Hotel	812	789
Office	1,212	1,171
Retail	1,650	1,664
Warehouse	2,266	2,217
Other	423	367
Total Commercial	9,695	9,074
Residential	1,490	1,270
Total	11,185	10,344
ACL ⁽¹⁾	(176)	(133)
Total with ACL	<u>\$ 11,009</u>	<u>\$ 10,211</u>

⁽¹⁾ At June 30, 2026 and December 31, 2025, allowance for credit losses included \$157 million and \$117 million, respectively, for commercial loans and \$19 million and \$16 million, respectively, for residential loans.

The table below presents the carrying value, net of allowance for credit loss, of our mortgage loans by region:

	June 30, 2026	December 31, 2025
	(in millions)	
United States:		
East North Central	\$ 1,304	\$ 1,075
East South Central	279	289
Middle Atlantic	1,414	1,250
Mountain	858	764
New England	201	211
Pacific	2,440	2,235
South Atlantic	2,314	2,165
West North Central	730	720
West South Central	1,352	1,292
Total United States	10,892	10,001
Foreign	117	210
Total	<u>\$ 11,009</u>	<u>\$ 10,211</u>

The following table provides information about the credit quality of our mortgage loans:

	June 30, 2026	December 31, 2025
	(in millions)	
Commercial mortgage loans		
Loan to value ratios:		
Less than 70%	\$ 7,996	\$ 7,276
70% - 80%	1,225	1,287
80% - 100%	171	246
Greater than 100%	146	148
Total	9,538	8,957
Residential mortgage loans		
Performing	1,425	1,190
Nonperforming ⁽¹⁾	46	64
Total	1,471	1,254
Total mortgage loans	<u>\$ 11,009</u>	<u>\$ 10,211</u>

⁽¹⁾ At June 30, 2026 and December 31, 2025, includes \$16 million and \$19 million, respectively, of loans 30-89 days past due and \$17 million and \$16 million, respectively, of loans 90 days or greater past due and supported with insurance or other guarantees provided by various governmental programs.

The following table provides a summary of the allowance for credit losses related to our mortgage loans:

	June 30, 2026	December 31, 2025
	(in millions)	
Balance at beginning of year	\$ 133	\$ 121
Charge offs, net of recoveries	(10)	(6)
Reductions for mortgages disposed	—	(2)
Provision (release)	53	24
Balance at end of period	<u>\$ 176</u>	<u>\$ 137</u>

The Company's mortgage loans that are current and in good standing are accruing interest. Interest is not accrued on loans greater than 90 days delinquent or in process of foreclosure, when deemed uncollectible. Delinquency status is determined from the date of the first missed contractual payment. Accrued interest amounting to \$1 million and \$1 million was written off as of June 30, 2026 and 2025, respectively, relating to loans that were greater than 90 days delinquent or in the process of foreclosure.

The following table provides information about our impaired residential mortgage loans (in millions):

	June 30, 2026	December 31, 2025
Recorded investment ⁽¹⁾	\$ 23	\$ 38
Unpaid principal balance	25	45
Related loan allowance	—	1
Average recorded investment	24	29
Investment income recognized	—	1

⁽¹⁾ At June 30, 2026 and December 31, 2025, includes \$3 million and \$4 million, respectively, of loans in process of foreclosure, all of which are loans supported with insurance or other guarantees provided by various governmental programs.

Derivative Instruments

See Note 5 – Derivative Instruments of the Notes to Condensed Consolidated Financial Statements, that presents the aggregate contractual or notional amounts and the fair values of our freestanding and embedded derivatives instruments as of June 30, 2026 and December 31, 2025.

Evaluation of Invested Assets

We perform regular evaluations of our invested assets. On a monthly basis, management identifies those investments that may require additional monitoring and carefully reviews the carrying value of such investments to determine whether specific investments should be placed on a non-accrual status and if an allowance for credit loss is required. In making these reviews, management principally considers the adequacy of any collateral, compliance with contractual covenants, the borrower's recent financial performance, news reports and other externally generated information concerning the borrower's affairs. In the case of publicly traded bonds, management also considers market value quotations, where available. For mortgage loans, management generally considers information concerning the mortgaged property, including factors impacting the current and expected payment status of the loan and, if available, the current fair value of the underlying collateral. For investments in partnerships, management reviews the financial statements and other information provided by the general partners.

To determine an allowance for credit loss, we consider a security's forecasted cash flows as well as the severity of depressed fair values. Investment income is not accrued on securities in default and otherwise where the collection is uncertain. Subsequent receipts of interest on such securities are generally used to reduce the cost basis of the securities. The provisions for impairment on mortgage loans are based on losses expected by management to be realized on transfers of mortgage loans to real estate, on the disposition and settlement of mortgage loans and on mortgage loans that management believes may not be collectible in full. Accrual of interest on mortgage loans is suspended when principal or interest payments on mortgage loans are past due more than 90 days. Interest is then accounted for on a cash basis.

See Note 4 - Investments of the Notes to Condensed Consolidated Financial Statements for further information.

Policy and Contract Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are estimated as necessary to meet policy obligations or to provide for future annuity payments. Amounts for actuarial liabilities are computed and reported on the Condensed Consolidated Financial Statements in conformity with U.S. GAAP. For more details on Policyholder Liabilities, *see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" included in our 2025 Annual Report.*

Our policy and contract liabilities includes separate account liabilities, reserves for future policy benefits and claims payable, and other contract holder funds. As of June 30, 2026, 91% of our policy and contract liabilities were in our Retail Annuities segment, 3% were in our Institutional Products segment and 6% were in our Closed Life and Annuity Blocks segment.

The table below represents a breakdown of our policy and contract liabilities:

June 30, 2026	Separate Accounts	Reserves for future policy benefits	Other contract holder funds (in millions)	Market Risk Benefits	Total
Variable Annuities	\$ 245,289	\$ —	\$ 6,065	\$ (4,919)	\$ 246,435
RILA ⁽¹⁾	—	—	26,149	19	26,168
Fixed Annuities	—	—	9,221	2	9,223
Fixed Index Annuities ⁽²⁾	—	—	8,549	214	8,763
Payout Annuities	—	1,172	826	—	1,998
Other Annuities	—	—	—	—	—
Total Retail Annuities	245,289	1,172	50,810	(4,684)	292,587
Total Institutional Products	—	—	11,018	—	11,018
Total Closed Life and Annuity Blocks	98	8,031	11,296	6	19,431
Total Policy and Contract Liabilities	245,387	9,203	73,124	(4,678)	323,036
Claims payable and other	—	1,431	161	—	1,592
Total	\$ 245,387	\$ 10,634	\$ 73,285	\$ (4,678)	\$ 324,628

December 31, 2025	Separate Accounts	Reserves for future policy benefits	Other contract holder funds (in millions)	Market Risk Benefits	Total
Variable Annuities	\$ 236,406	\$ —	\$ 6,351	\$ (4,265)	\$ 238,492
RILA ⁽¹⁾	—	—	20,282	17	20,299
Fixed Annuities	—	—	9,494	2	9,496
Fixed Index Annuities ⁽²⁾	—	—	7,946	127	8,073
Payout Annuities	—	1,169	854	—	2,023
Other Annuities	—	—	—	—	—
Total Retail Annuities	236,406	1,169	44,927	(4,119)	278,383
Total Institutional Products	—	—	11,021	—	11,021
Total Closed Life and Annuity Blocks	90	8,422	11,551	6	20,069
Total Policy and Contract Liabilities	236,496	9,591	67,499	(4,113)	309,473
Claims payable and other	—	1,305	164	—	1,469
Total	\$ 236,496	\$ 10,896	\$ 67,663	\$ (4,113)	\$ 310,942

⁽¹⁾ Includes the embedded derivative liabilities in other contract holder funds related to RILA of \$8,395 million and \$6,043 million at June 30, 2026 and December 31, 2025, respectively.

⁽²⁾ Includes the embedded derivative liabilities related to fixed index annuity in other contract holder funds of \$850 million and \$863 million at June 30, 2026 and December 31, 2025, respectively.

As of June 30, 2026:

- \$245.4 billion or 76% of our policy and contract liabilities were backed by separate account assets. These separate account assets backed reserves primarily related to our variable annuities. Separate account liabilities are fully funded by cash flows from the customer's corresponding separate account assets and are set equal to the fair value of such invested assets.
- \$65.7 billion of our policy and contract liabilities were backed by our investment portfolio.
- \$11.9 billion of our policy and contract liabilities were reinsured by Athene and backed by funds withheld assets.

As of June 30, 2026, 91% of fixed annuity, fixed-index annuity, and the fixed accounts of RILA and variable annuity correspond to crediting rates that are at the guaranteed minimum crediting rate. We have the discretion, subject to contractual limitations and minimums, to reset the crediting terms on the majority of our fixed-index annuities and fixed annuities.

See Note 9 - Reserves for Future Policy Benefits and Claims Payable, Note 10 - Other Contract Holder Funds, Note 11 - Separate Account Assets and Liabilities, and Note 12 - Market Risk Benefits of the Notes to Condensed Consolidated Financial Statements for additional discussion on accounting policies around Reserves for future policy benefits and claims payable, Other contract holder funds, Separate account assets and liabilities and MRBs.

Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash flows to meet the cash requirements of operating, investing and financing activities. Capital refers to our long-term financial resources available to support the business operations and contribute to future growth. Our ability to generate and maintain sufficient liquidity and capital depends on the profitability of the businesses, timing of cash flows on investments and products, general economic conditions and access to the capital markets and alternate sources of liquidity and capital described herein.

The discussion below describes our liquidity and capital resources for the six months ended June 30, 2026.

Cash Flows

The following table presents a summary of our cash flow activity for the periods set forth below:

	Six Months Ended June 30,	
	2026	2025
	(in millions)	
Net cash provided by (used in) operating activities	\$ 2,894	\$ 2,767
Net cash provided by (used in) investing activities	(5,447)	(3,718)
Net cash provided by (used in) financing activities	2,835	968
Net increase (decrease) in cash, cash equivalents, and restricted cash	282	17
Cash, cash equivalents, and restricted cash at beginning of period	5,704	3,767
Total cash, cash equivalents, and restricted cash at end of period	\$ 5,986	\$ 3,784

Cash flows from Operating Activities

The principal operating cash inflows from our insurance activities come from insurance premiums, fees charged on our products and net investment income. The principal operating cash outflows are the result of the payment of annuity and life insurance benefits, operating expenses and income tax, as well as interest expense. The primary liquidity concern with respect to these cash flows is the risk of earlier than expected contract holder and policyholder benefit payments.

Cash flows provided by (used in) operating activities improved by \$127 million to \$2,894 million for the six months ended June 30, 2026, from \$2,767 million for the six months ended June 30, 2025. This was primarily due to the timing related to the settlement of certain short-term receivables.

Cash flows from Investing Activities

The principal cash inflows from our investment activities come from repayments of principal, proceeds from maturities and sales of investments, as well as settlements of freestanding derivatives. The principal cash outflows relate to purchases of investments and settlements of freestanding derivatives. It is not unusual to have a net cash outflow from investing activities because cash inflows from insurance operations are typically reinvested to fund insurance liabilities. We closely monitor and manage these risks through our comprehensive investment risk management process. The primary liquidity concerns with respect to these cash flows are the risk of default by debtors or market disruptions that might impact the timing of investment related cash flows as well as derivative collateral needs, which could result in material liquidity needs for our insurance subsidiaries.

Cash flows provided by (used in) investing activities changed \$1,729 million to \$(5,447) million during the six months ended June 30, 2026, from \$(3,718) million during the six months ended June 30, 2025. This change was primarily driven by higher outflows related to increased purchases of debt securities, primarily driven by increased RILA and fixed index annuity sales, partially offset by inflows from our hedging program for derivative settlements and collateral, compared to the prior year.

Cash flows from Financing Activities

The principal cash inflows from our financing activities come from deposits of funds associated with policyholder account balances, issuance of securities and lending of securities. The principal cash outflows come from withdrawals associated with policyholder account balances, repayment of debt, and the return of securities on loan. The primary liquidity concerns with respect to these cash flows are market disruption and the risk of early policyholder withdrawal.

Cash flows provided by (used in) financing activities improved \$1,867 million to \$2,835 million during the six months ended June 30, 2026, from \$968 million during the six months ended June 30, 2025. This improvement was primarily due to higher deposits from increased RILA and fixed index annuity sales, proceeds received from the issuance of additional senior notes in 2026 and the issuance of treasury stock to TPG Inc., and no repayments on our federal home loan bank notes, partially offset by higher VA withdrawals, compared to the prior year.

Statutory Capital

Our insurance company subsidiaries have statutory surplus above the level needed to meet current regulatory requirements. RBC requirements are used as minimum capital requirements by the NAIC and the state insurance departments to identify companies that merit regulatory action. RBC is based on a formula that incorporates both factor-based components (applied to various asset, premium, and statutory reserve items) and model-based components. The formula considers the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk, market risk and business risk, and is calculated on an annual basis. The formula is used as an early warning regulatory tool to identify possible inadequately capitalized insurers for purposes of initiating regulatory action, and not to rank insurers generally. As of June 30, 2026, our insurance companies were well in excess of the minimum required capital levels.

With the execution of the Brooke Re transaction in the first quarter of 2024, we are able to largely moderate the impact of the cash surrender value floor going forward. In the past, our statutory TAC (total adjusted capital) may have been negatively impacted by minimum required reserving levels (*i.e.*, cash surrender value floor) when reserve releases were limited and unable to offset losses from our hedging program.

Holding Company Liquidity

As a holding company with no business operations of its own, Jackson Financial primarily derives cash flows from dividends and interest payments from its insurance subsidiaries. These principal sources of liquidity are expected to be supplemented by cash and short-term investments held by Jackson Financial, and access to bank lines of credit and the capital markets. We intend to maintain a minimum amount of cash and highly liquid securities at Jackson Financial adequate to fund two years of holding company fixed net expenses, which is currently targeted at \$325 million but may change over time as we refinance existing debt or make changes to our debt and capital structure. The target was updated to reflect the recent senior note and pre-capitalized trust securities issues. *See Note 13. Debt in the Notes to Condensed Consolidated Financial Statements for further information.*

The main uses of liquidity for Jackson Financial are interest payments and debt repayment, holding company operating expenses, payment of dividends and other distributions to shareholders, which may include stock repurchases, and capital contributions, if needed, to our insurance company subsidiaries. *See "Recent Events of Note" above in this Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Insurance Company Subsidiaries' Liquidity

The liquidity sources for our insurance company subsidiaries include their cash, short-term investments, sales of publicly-traded bonds, insurance premiums, fees charged on their products, sales of annuities and institutional products, investment income, commercial repurchase agreements and utilization of borrowing facilities, including a short-term borrowing facility with the Federal Home Loan Bank of Indianapolis ("FHLBI").

The liquidity requirements for our insurance company subsidiaries include:

- liabilities associated with their insurance and reinsurance activities. Liabilities arising from insurance and reinsurance activities include the payment of policyholder benefits when due, cash payments in connection with policy surrenders and withdrawals and policy loans;
- purchases of new investments;
- management of derivative-related margin requirements. The derivative contracts are an integral part of our risk management program, especially for the management of our variable annuities program, and are managed in accordance with our hedging and risk management program. Our cash flows associated with collateral received from counterparties and posted with counterparties fluctuates with changes in the market value of the underlying derivative contract and/or the market value of the collateral. The net collateral position depends on changes in interest rates and equity markets related to the amount of the exposures hedged. As of June 30, 2026, we were in a net collateral payable position of \$14 million, compared to \$58 million as of December 31, 2025;
- repayment of principal and interest on debt, and payments of interest on surplus notes. As of June 30, 2026, Jackson's outstanding surplus notes and bank debt included \$43 million of bank loans from the FHLBI, collateralized by mortgage-related securities and mortgage loans, and \$250 million of surplus notes maturing in 2027; and
- funding of expenses including payment of commissions, operating expenses and taxes.

Significant increases in interest rates could create sudden increases in surrender and withdrawal requests by customers and contract holders and result in increased liquidity requirements at our insurance company subsidiaries. Significant increases in interest rates or equity markets may also result in higher margin and collateral requirements on our derivative portfolio.

Other factors not directly related to interest rates can also give rise to an increase in liquidity requirements, including changes in ratings from rating agencies, general policyholder concerns relating to the life insurance industry (e.g., the unexpected default of a large, unrelated life insurer) and competition from other products, including non-insurance products such as mutual funds, certificates of deposit and newly developed investment products. Most of the life insurance and annuity products Jackson offers permit the policyholder or contract holder to withdraw or borrow funds or surrender cash values. As of June 30, 2026, 100% of our RILA policy and contract liabilities were subject to surrender charges of at least 5% or at market value in the event of discretionary withdrawal by customers. Further, more than half of Jackson's general account reserves are not surrenderable, included surrender charges greater than 5%, or included market value adjustments to discourage early withdrawal of policy and contract funds as of June 30, 2026.

Jackson uses a variety of asset liability management techniques to provide for the orderly provision of cash flow from investments and other sources as policies and contracts mature in accordance with their normal terms. Jackson's principal sources of liquidity to meet unexpected cash outflows associated with sudden and severe increases in surrenders and withdrawals or benefit payments are its portfolio of liquid assets and its net operating cash flows. As of June 30, 2026, the portfolio of cash, short-term investments and privately and publicly traded securities and equities that are unencumbered and unrestricted to sale, amounted to \$42.9 billion.

Distributions and Dividends

- ***Holding Company***

Any declaration of cash dividends or stock repurchases by JFI are at the discretion of JFI's Board of Directors and will depend on our financial condition, earnings, liquidity and capital requirements, regulatory constraints, level of indebtedness, preferred stock and other contractual restrictions with respect to paying cash dividends or repurchasing stock, restrictions imposed by Delaware law, general business conditions and any other factors that JFI's Board of Directors deems relevant in making any such determination. Therefore, there can be no assurance that we will pay any cash dividends to holders of our stock or approve any further increase in the existing, or any new, common stock repurchase program, or any assurance as to the amount of any such cash dividends or stock repurchases.

Under Delaware law, dividends may be paid, or stock may be repurchased, out of "surplus," or out of the current or the immediately preceding year's earnings. Surplus is defined as the fair market value of net assets minus stated capital. JFI is a holding company and has no direct operations. All of our business operations are conducted through our subsidiaries. Any dividends we pay, or stock repurchases we make, will depend upon the funds legally available for distribution, including dividends or distributions from our subsidiaries to us. The states in which our insurance subsidiaries are domiciled impose certain restrictions on our insurance subsidiaries' ability to pay dividends to their parent companies. *See "Distributions and Dividends - Insurance Company Subsidiaries" below for a discussion of those restrictions.* Such restrictions, or any future restrictions adopted by the states in which our insurance subsidiaries are domiciled, could have the effect, under certain circumstances, of significantly reducing dividends or other amounts payable by our subsidiaries without affirmative approval of state regulatory authorities. *See "Risk Factors—Risks relating to Financing and Liquidity - As a holding company, Jackson Financial depends on the ability of its subsidiaries to pay dividends and make other distributions to meet its obligations and liquidity needs, including servicing debt, dividend payments and stock repurchases." in our 2025 Annual Report.*

During the second quarter of 2026, we paid a cash dividend of \$0.50 per depositary share, each representing a 1/1,000th interest in a share of Fixed-Rate Reset Noncumulative Perpetual Preferred Stock, Series A, and \$0.90 per common share totaling \$11 million and \$63 million, respectively. On July 31, 2026, our Board of Directors approved a third quarter cash dividend on JFI's common stock of \$0.90 per share, payable on September 24, 2026, to common shareholders of record on September 15, 2026. The Company also announced the declaration of a cash dividend of \$0.50 per depositary share. The dividend will be payable on September 30, 2026, to depositary shareholders of record at the close of business on September 15, 2026.

On February 11, 2026, Jackson and TPG completed the transaction announced on January 6, 2026, including the issuance by Jackson Financial to TPG of 4,715,554 shares of common stock for an aggregate purchase price of \$500 million.

On September 18, 2025, our Board of Directors authorized an increase of \$1 billion in our existing authorization to repurchase shares of our outstanding common stock as part of the Company's share repurchase program.

We repurchased a total of 2,086,601 shares and 3,801,221 shares of common stock for an aggregate purchase price of \$227 million and \$419 million in the three and six months ended June 30, 2026, respectively, which were funded with cash on hand. As of July 27, 2026, Jackson Financial had remaining authorization to purchase \$526 million of its common shares.

See Note 19 - Equity of the Notes to Condensed Consolidated Financial Statements for further information on dividends to shareholders and share repurchases.

- ***Insurance Company Subsidiaries***

The ability of our insurance company subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where such subsidiaries are domiciled as well as agreements entered into with regulators. These laws and regulations require, among other things, our insurance company subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations, our insurance company subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile, subject to prior notification to the appropriate regulatory agency. Any distributions above the amount permitted by statute in any twelve-month period are considered extraordinary dividends, and the approval of the appropriate regulator is required prior to payment. In Michigan, the Director of the Michigan Department of Insurance and Financial Services (the "Michigan Director of Insurance") may limit, or not permit, the payment of dividends from either Jackson or Brooke Life, Jackson's direct parent company, if it determines that the surplus of either of these subsidiaries is not reasonable in relation to their outstanding liabilities and is not adequate to meet their financial needs, as required by the Michigan Insurance Code of 1956, as amended (the "Michigan Insurance Code"). Unless otherwise approved by the Michigan Director of Insurance, dividends may only be paid from earned surplus. Also, surplus note arrangements and interest payments must be approved by the Michigan Director of Insurance and such interest payments to related parties reduce the otherwise calculated ordinary dividend capacity for that period. In New York, all dividends require approval from the New York State Department of Financial Services.

For 2026, ordinary dividend capacity for Jackson and Brooke Life is based on the greater of 10% of 2025 reported statutory capital and surplus or statutory net gain from operations. This capacity is then reduced by cumulative dividends and other capital distributions in the preceding 12 months, subject to the availability of earned surplus. As a result of cumulative dividends and other capital distributions occurring in the 12 months preceding June 30, 2026, future dividends from both Jackson and Brooke Life are generally expected to be classified as extraordinary. There is a process within the Michigan Insurance Code to request extraordinary dividends that the companies have utilized previously. Brooke Life, as the sole owner of Jackson and Brooke Re, is the direct recipient of any dividend payments from those subsidiaries and must make dividend payments to its ultimate parent company, Jackson Financial, in order for any funds from our insurance company subsidiaries to reach Jackson Financial.

The maximum distribution permitted by law or contract is not necessarily indicative of an insurer's actual ability to pay such distributions, which may be constrained by business and other considerations, such as imposition of withholding tax, the impact of such distributions on surplus, which could affect the insurer's credit and financial strength ratings or competitive position, the ability to generate new annuity sales and the ability to pay future dividends or make other distributions. Further, state insurance laws and regulations require that the statutory surplus of our insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries' financial needs. Along with solvency regulations, another primary consideration in determining the amount of capital used for dividends is the level of capital needed to maintain desired financial strength ratings from rating agencies, including A.M. Best, S&P, Moody's and Fitch. Both regulators and rating agencies could become more conservative in their methodology and criteria, including increasing capital requirements for insurance company subsidiaries. We believe our insurance company subsidiaries have sufficient statutory capital and surplus to maintain their desired financial strength ratings.

Our Indebtedness

Senior Notes

On June 15, 2026, JFI issued \$750 million aggregate principal amount of 6.150% Senior Notes due January 15, 2037 (the "2037 Notes"). The 2037 Notes are unsecured. The net proceeds of the 2037 Notes are expected to be used for general corporate purposes, which may include, among other things, repaying or redeeming at or before maturity, JFI's \$400 million aggregate principal amount senior notes due June 8, 2027 and/or at maturity, Jackson National Life's \$250 million surplus notes due March 15, 2027.

Facility Agreement for Senior Notes Issuance

In March 2026, JFI entered into a 10-year facility agreement with a Delaware trust in connection with that trust's sale of \$500 million of pre-capitalized trust securities, and a 30-year facility agreement with a separate Delaware trust in connection with that trust's sale of \$400 million of pre-capitalized trust securities. The pre-capitalized trust securities are not considered to be debt of the Company. Each facility agreement permits, and in certain instances requires, JFI to issue its senior notes to the applicable trust. The facility agreements are intended to provide a standby source of liquidity for the Company.

At June 30, 2026, JFI had not issued any senior notes under either facility agreement. The Company incurred \$8 million of origination costs, which were capitalized and reported in other assets and will be amortized over the terms of the respective facility agreements. *See Note 13 – Debt of the Notes to Condensed Consolidated Financial Statements for information regarding the pre-capitalized trust securities and facility agreements.*

Revolving Credit and Short-Term Borrowing Facilities

On June 30, 2026, JFI entered into \$1.25 billion revolving credit facility with a syndicate of banks and Wells Fargo Bank, National Association, as Administrative Agent (the "2026 Revolving Credit Facility"). The 2026 Revolving Credit Facility replaced a prior \$1.0 billion revolving credit facility that was scheduled to terminate in February 2028.

The 2026 Revolving Credit Facility provides for borrowings for working capital and other general corporate purposes, with a sub-limit of \$500 million available for letters of credit. The 2026 Revolving Credit Facility further provides the Company the options for the ability to request, subject to customary terms and conditions, an increase in commitments thereunder by up to an additional \$500 million and an extension of the term of the commitments by up to two years. Commitments under the 2026 Revolving Credit Facility terminate on June 30, 2031, unless extended. Interest on borrowings may be based on a "Base Rate" (as defined in the 2026 Revolving Credit Facility) plus an adder ranging from 0.125% to 0.875%, or a "Term SOFR Rate" (as defined in the 2026 Revolving Credit Facility) plus an adder ranging from 1.125% to 1.875%. The applicable adder is based upon the ratings assigned to JFI's senior, unsecured, non-credit enhanced debt.

The credit agreement governing the 2026 Revolving Credit Facility contains a number of customary representations and warranties, affirmative and negative covenants and events of default (including a change of control provision). *See Note 13 – Debt of the Notes to Condensed Consolidated Financial Statements for information regarding financial maintenance covenants contained in the credit agreement.* We were in compliance with these covenants at June 30, 2026.

Jackson is a party to an Uncommitted Money Market Line Credit Agreement, among Jackson, Jackson Financial, and Société Générale. This agreement is an uncommitted short-term cash advance facility that provides an additional form of liquidity to Jackson and to Jackson Financial. The aggregate borrowing capacity under the agreement is \$500 million and each cash advance request must be at least \$100 thousand. The interest rate is set by the lender at the time of the borrowing and is fixed for the duration of the advance. Jackson and Jackson Financial are jointly and severally liable to repay any advance under the agreement, which must be repaid prior to the last day of the quarter in which the advance was drawn.

Surplus Notes

On March 15, 1997, our subsidiary, Jackson, issued 8.2% surplus notes in the principal amount of \$250 million due March 15, 2027. These surplus notes are unsecured and subordinated to all present and future indebtedness, policy claims and other creditor claims and may not be redeemed at the option of the Company or any holder prior to maturity. Interest is payable semi-annually on March 15th and September 15th of each year. Interest expense on the notes was \$5 million and \$10 million for the three and six months ended June 30, 2026, respectively and was \$5 million and \$10 million for the three and six months ended June 30, 2025, respectively.

Under Michigan insurance law, for statutory reporting purposes, the surplus notes are not part of the legal liabilities of Jackson and are considered surplus funds. Payments of interest or principal may only be made with the prior approval of the Michigan Director of Insurance and only out of surplus earnings that the Director determines to be available for such payments under Michigan insurance law.

Federal Home Loan Bank

Jackson is a member of the FHLBI primarily for the purpose of participating in its collateralized loan advance program with funding facilities. Membership requires us to purchase and hold a minimum amount of FHLBI capital stock, plus additional stock based on outstanding advances. Advances are in the form of either notes or funding agreements issued to FHLBI. As of June 30, 2026 and December 31, 2025, Jackson held a bank loan with an outstanding balance of \$43 million and \$47 million, respectively.

Collateral Upgrade Transactions

During the first quarter of 2024, Jackson executed certain paired repurchase and reverse repurchase transactions totaling approximately \$1.5 billion pursuant to master repurchase agreements with participating bank counterparties. Under these transactions, the Company lends securities (e.g., corporate debt securities) to bank counterparties in exchange for U.S. Treasury securities. The paired repurchase and reverse repurchase transactions are settled on a net basis. As a result, there was no cash exchanged at initiation of these transactions. The paired transactions are reported net within the Condensed Consolidated Balance Sheets. These transactions are evergreened and require at least 150-days' notice prior to termination. *See "Collateral Upgrade Transactions" under Note 4 – Investments of the Notes to Condensed Consolidated Financial Statements for additional information.*

Financial Strength Ratings

Our access to funding and our related cost of borrowing, the attractiveness of certain of our subsidiaries' products to customers, our attractiveness as a reinsurer to potential ceding companies and requirements for derivatives collateral posting are affected by our credit ratings and financial strength ratings, which are periodically reviewed by the rating agencies. Financial strength ratings and credit ratings are important factors affecting consumer confidence in an insurer and its competitive position in marketing products as well as critical factors considered by ceding companies in selecting a reinsurer.

Our principal insurance company subsidiaries are rated by A.M. Best, S&P, Moody's and Fitch. Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurer or reinsurer to meet its obligations under an insurance policy or reinsurance arrangement and generally involve quantitative and qualitative evaluations by rating agencies of a company's financial condition and operating performance. Generally, rating agencies base their financial strength ratings upon information furnished to them by the company and upon their own investigations, studies and assumptions. Financial strength ratings are based upon factors of concern to customers, distribution partners and ceding companies and are not directed toward the protection of investors. Financial strength ratings are not recommendations to buy, sell or hold securities and may be revised or revoked at any time at the sole discretion of the rating organization.

As of July 27, 2026, the financial strength ratings of our principal insurance subsidiaries were as follows:

Company	A.M. Best	Fitch	Moody's	S&P
Jackson National Life Insurance Company				
Rating	A	A	A3	A
Outlook	stable	stable	stable	stable
Jackson National Life Insurance Company of New York				
Rating	A	A	A3	A
Outlook	stable	stable	stable	stable
Brooke Life Insurance Company				
Rating	A			
Outlook	stable			

In evaluating our Company's financial strength, the rating agencies evaluate a variety of factors including our strategy, market positioning and record, mix of business, profitability, leverage and liquidity, the adequacy and soundness of our reinsurance, the quality and estimated market value of our assets, the adequacy of our surplus, our capital structure, and the experience and competence of our management.

In addition to the financial strength ratings, rating agencies use an outlook statement to indicate a short- or medium-term trend which, if continued, may lead to a rating change. A positive outlook indicates a rating may be raised and a negative outlook indicates a rating may be lowered. A stable outlook is assigned when ratings are not likely to be changed. Outlooks should not be confused with expected stability of the issuer's financial or economic performance. A stable outlook does not preclude a rating agency from changing a rating at any time without notice.

A.M. Best, S&P, Moody's and Fitch review their ratings of insurance companies from time to time. There can be no assurance that any particular rating will continue for any given period of time or that it will not be changed or withdrawn entirely if, in their judgment, circumstances so warrant. While the degree to which ratings adjustments will affect sales of our annuities and institutional products, and persistency is unknown, if our ratings are negatively adjusted for any reason, we believe we could experience a material decline in the sales in our individual channel, origination in our institutional channel, and the persistency of our existing business.

Impact of Recent Accounting Pronouncements

For a complete discussion of new accounting pronouncements affecting us, see *Note 2 of the Notes to Condensed Consolidated Financial Statements*.

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in our Condensed Consolidated Financial Statements included elsewhere in this report. The most critical estimates are presented below.

The below critical accounting estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" and Notes 1 and 2 of the Notes to the Consolidated Financial Statements included in our 2025 Annual Report:

- reserves for future policy benefits and claims payable
- market risk benefits
- reinsurance
- income taxes and the ability to realize certain deferred tax benefits
- valuation and impairment of investments, including estimates related to expectations of credit losses on certain financial assets
- valuation of freestanding derivative instruments
- valuation of embedded derivatives
- net investment income
- contingent liabilities
- consolidation of variable interest entities

Off-Balance Sheet Arrangements

See Note 13 - Debt regarding lender commitments under the Company's revolving credit facility and its pre-capitalized securities-related facility agreements and Note 16 - Commitments and Contingencies regarding unfunded investment commitments to limited partnerships and limited liability companies, of the Notes to Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risk described in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk” previously disclosed in Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our 2025 Annual Report.

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. During the period covered by this report, we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of June 30, 2026. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2026.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings.

For a discussion of legal proceedings, see *Note 16 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements*.

Item 1A. Risk Factors.

We discuss in this report, in our 2025 Annual Report, and in our other filings with the SEC, various risks that may materially affect our business. In addition, see *“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements - Cautionary Language”* included herein. There have been no material changes to our risk factors discussed in our 2025 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities.

None, since what we previously reported in Items 3.02 and 8.01 of our Current Report on Form 8-K dated January 5, 2026 and Item 8.01 of our Current Report on Form 8-K dated February 11, 2026.

Repurchase of Equity by the Company.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program ⁽¹⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions) ⁽¹⁾
April 1, 2026 - April 30, 2026				
Share repurchase program	579,206	\$ 108.79	579,206	\$ 746
Employee transactions ⁽²⁾	—	—	N/A	N/A
May 1, 2026 - May 31, 2026				
Share repurchase program	796,615	109.85	796,615	658
Employee transactions ⁽²⁾	471	109.64	N/A	N/A
June 1, 2026 - June 30, 2026				
Share repurchase program	710,780	107.25	710,780	582
Employee transactions ⁽²⁾	—	—	N/A	N/A
Totals				
Share repurchase program	2,086,601		2,086,601	
Employee transactions ⁽²⁾	471		N/A	
	2,087,072		2,086,601	

⁽¹⁾ As of July 27, 2026, the Company had remaining authorization to purchase \$526 million of its common shares. For more information on common stock repurchases, see *Note 19 - Equity of the Notes to Condensed Consolidated Financial Statements*.

⁽²⁾ Includes shares withheld pursuant to the terms of awards under the Company's 2021 Omnibus Incentive Plan to cover tax withholding obligations that occur upon vesting and release of shares, which are treated as share repurchases. The value of the shares withheld is the closing price of common stock of Jackson Financial on the date the relevant vesting date occurs; or, if the shares vest on a non-trading day, then the value of the shares withheld is based on the closing stock price from the trading day immediately prior to the vesting date.

Item 5. Other Information.

Stock Trading Plans

During the three months ended June 30, 2026, none of our Section 16 officers or JFI directors adopted or terminated any contract, instruction or written plan for the purchase or sale of Jackson Financial's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement" (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits.

The following documents are filed as exhibits hereto:

Number	Description
4.1	<u>Eighth Supplemental Indenture dated as of June 15, 2026, between Jackson Financial Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee, incorporated by reference to Exhibit 4.2 of Jackson Financial Inc.'s Current Report on Form 8-K, filed June 15, 2026.</u>
10.1	<u>Revolving Credit Agreement, dated as of June 30, 2026, among Jackson Financial Inc., the Subsidiary Account Parties, as additional obligors, the Banks party thereto, and Wells Fargo Bank, National Association, as Administrative Agent, incorporated by reference to Exhibit 10.1 of Jackson Financial Inc.'s Current Report on Form 8-K, filed July 1, 2026.</u>
10.2*†	<u>PPM America, Inc. Performance Incentive Award Plan, effective April 13, 2018.</u>
10.3*†	<u>Offer Letter Agreement, executed July 17, 2026, by and between Don Cummings and Jackson National Life Insurance Company.</u>
10.4*†	<u>Offer Letter Agreement, executed July 17, 2026, by and between Brian Walta and Jackson National Life Insurance Company.</u>
10.5*†	<u>Offer Letter Agreement, executed July 17, 2026, by and between Laura Prieskorn and Jackson National Life Insurance Company.</u>
10.6*†	<u>Form of Notice of Award of Restricted Share Units and Director Restricted Share Unit Agreement (annual equity retainer) between Jackson Financial Inc. and certain of its directors.</u>
10.7*†	<u>Form of Notice of Award of Restricted Share Units and Director Restricted Share Unit Agreement (annual equity in lieu of cash retainer) between Jackson Financial Inc. and certain of its directors.</u>
31.1*	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

† Identifies each management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

JACKSON FINANCIAL INC.

(Registrant)

Date: August 3, 2026

By: /s/ Don W. Cummings

Don W. Cummings

Executive Vice President and

Chief Financial Officer

(Principal Financial Officer)