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Ameriprise Financial

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Introduction

Ameriprise Financial: The Story of An American Company charts the rise, transformation, and ongoing journey of one of the most influential firms in the U.S. financial services landscape. From its modest beginnings in 1894 as Investors Syndicate in Minneapolis to its current status as a Fortune 500 financial giant with over \$1.5 trillion in assets under management and administration, Ameriprise Financial's story is deeply intertwined with the evolution of America's investment, insurance, and wealth management industries. The company has survived and thrived amid a dynamic economic landscape, industry consolidation, and ever-changing regulatory frameworks, demonstrating a remarkable capacity for reinvention while remaining rooted in its founding mission of helping clients achieve their financial goals.

The road from Investors Syndicate to Ameriprise Financial has been marked by moments of innovation, bold strategic decisions, and resilience in the face of challenges. Early on, the company distinguished itself with the launch of the Investors Mutual Fund in 1940, one of the nation's first mutual funds, which set a precedent for democratizing investment opportunities. Its move into insurance and the opening of the iconic IDS Center in Minneapolis further solidified its status as a multifaceted leader in financial services.

A pivotal chapter in Ameriprise's history came with its acquisition by American Express in 1984. The integration expanded the company's resources, reach, and brand profile, enabling further growth and the diversification of services. Yet, in 2005, another transformative moment arrived when Ameriprise charted its own course as an independent company. The spin-off from American Express represented both a culmination of decades of industry leadership and the beginning of a new era characterized by focused growth in wealth management and global asset management.

Today, Ameriprise Financial stands among the largest financial services firms in the United States and a leading player on the world stage. The company has adopted a client-centric model, built a robust global asset management platform, and achieved enduring success in wealth management and annuities through its Columbia Threadneedle and RiverSource brands. Emphasizing digital innovation, Ameriprise continues to evolve, offering its clients cutting-edge tools and highly personalized financial advice in an increasingly complex environment.

At the core of Ameriprise's sustained performance are its enduring values: an unwavering commitment to integrity, excellence, and client service. Its approach to

corporate citizenship, leadership, and environmental stewardship reflects a commitment to creating positive impacts beyond financial results. While the company has faced its share of challenges and controversies, it has demonstrated a willingness to learn, adapt, and enhance its practices in transparency and corporate governance.

This book explores the company's rich history, delves into the people and strategies that shaped its journey, and assesses Ameriprise's present strengths and future prospects. By examining its achievements, setbacks, and aspirations, we seek to provide a nuanced portrait of Ameriprise Financial—not just as a market leader, but as a company whose story mirrors broader trends in American business and finance, embodying the spirit of opportunity and adaptability that defines the nation's commercial legacy.

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CHAPTER ONE: Origins: The Founding of Investors Syndicate

The year 1894 was a time of immense change and opportunity in America. The nation was still grappling with the aftermath of the Panic of 1893, a severe economic depression that had rippled across industries, causing widespread unemployment and financial distress. Yet, amidst the uncertainty, a spirit of innovation and entrepreneurial drive persisted, particularly in the burgeoning financial landscape. It was against this backdrop that a young Minneapolis lawyer, John Tappan, embarked on a venture that would ultimately grow into a significant force in American finance: Investors Syndicate.

Tappan, a man of keen observation and a progressive mindset, recognized a critical unmet need among everyday Americans. While established financial institutions largely catered to the wealthy, there was a vast, untapped market of individuals of modest means who sought a safe and reliable way to save and invest for their future. Many people worried about how to save their money, and traditional banking and investment options were often inaccessible or simply too complex for the average person.

Driven by this insight, John Tappan, then just 24 years old, envisioned a new type of financial product that would democratize saving. His goal was to offer a secure, small-denomination financial instrument that even middle-class savers could afford to purchase in small, regular installments. It was a pioneering concept in an era before the widespread availability of mutual funds or money market accounts.

In July 1894, Tappan, alongside local attorney Henry Farnham, submitted articles of incorporation for their new firm: Investors Syndicate. Their initial capital was modest, reportedly gathered by convincing 1,000 investors to contribute just \$5 each. This grassroots approach underscored Tappan's commitment to making investment accessible to a broader population, a philosophy that would remain central to the company's identity for decades to come.

The purpose of Investors Syndicate, as outlined in its charter, was remarkably broad for its time. The company was authorized to engage in a wide array of financial activities, including dealing in government and corporate bonds, stocks, mortgage notes, and various forms of personal property. It could also buy and sell such instruments on behalf of others and, crucially, issue its own debt obligations. This comprehensive mandate laid the groundwork for a diversified financial services enterprise from the very beginning.

Tappan's most significant innovation at the time of founding was the "investment certificate," also known as a "Face Amount Certificate." This product was a novel concept, designed to provide investors with a guaranteed interest rate after a predetermined period. It allowed individuals to deposit a chosen sum of money into the certificate, and upon maturity, or after a selected length of time, both the principal and the earned interest would be returned to the investor.

Unlike traditional bank certificates of deposit (CDs), which were offered by banking institutions and typically insured by the federal government, Tappan's investment certificates were an investment product. This meant they offered a competitive yield with the added safety of principal, though without the federal insurance backing of a CD. Investors Syndicate marketed these certificates as a secure way for individuals to save, emphasizing the guaranteed return and the ability to make small, regular contributions.

The structure of the investment certificate was quite flexible. Depending on the specific terms offered by Investors Syndicate, these certificates could allow for frequent deposits and/or withdrawals without penalty, making them more liquid than some other investment vehicles of the era. Other variations might more closely resemble a CD, with a fixed term length (often between 3 months and 3 years) and a guaranteed interest rate, while still allowing for add-on payments or limited withdrawals.

The genius of the investment certificate lay in its simplicity and its appeal to the average person who might be intimidated by more complex investment products. It provided a clear, understandable path to saving and earning a return, a stark contrast to the often opaque and exclusive world of finance. This product was specifically tailored to the needs of small Midwestern investors and borrowers, allowing the company to successfully compete with larger, less personal East Coast institutions.

By the end of 1896, just two years after its founding, Investors Syndicate had already begun to make its mark, albeit on a small scale. The company reported assets of \$2,500 and had attracted a handful of subscribers, a testament to Tappan's belief in his revolutionary financial product. He was a shrewd and persistent financial salesperson, and his innovative approach was crucial in establishing the company's early foothold.

However, the early years were not without their challenges. The financial regulatory landscape was still evolving, and new financial products often faced scrutiny. In September 1897, Tappan had to satisfy the Post Office, which, at the time, played a role in regulating financial mailings. He agreed that Investors Syndicate would pay out all existing business but would only write new business under a modified contract.

Despite these early hurdles, Investors Syndicate continued to grow. By the close of 1899, the company had written over 300 contracts, conducted \$100,000 in business, and paid out more than \$11,000 in returns to its initial investors. This early success demonstrated the demand for the product and the company's ability to deliver on its promises. Even when the U.S. Post Office curtailed the company's mailing privileges again in 1901, Tappan and his team persevered, finding ways to adapt and continue their mission.

The vision of John Tappan and the introduction of the investment certificate marked a pivotal moment. It was the genesis of a company that would, over the next century, continually redefine itself, expanding its offerings and adapting to the changing needs of American savers and investors. From these humble beginnings, Investors Syndicate began its long journey, laying the foundation for what would become Ameriprise Financial.

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