SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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AMERIPRISE CERTIFICATE CO

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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 September 30, 2011

or

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

For the Transition Period from to

Commission File No. 811-00002

AMERIPRISE CERTIFICATE COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**41-6009975**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1099 Ameriprise Financial Center, Minneapolis, Minnesota	**55474**
(Address of principal executive offices)	(Zip Code)

Registrant' s telephone number, including area code: **(612) 671-3131**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.:

Large Accelerated Filer ☐ Accelerated Filer ☐

Non-Accelerated Filer ☒ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

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

Class	Outstanding at November 7, 2011
Common Shares (par value $10 per share)	150,000 shares

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS (H)(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.

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AMERIPRISE CERTIFICATE COMPANY

FORM 10-Q

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AMERIPRISE CERTIFICATE COMPANY
PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Investment income	$ 26,420	$ 36,120	$ 88,030	$ 120,252
Investment expenses	6,452	7,088	20,164	23,146
Net investment income before provision for certificate reserves and income taxes	19,968	29,032	67,866	97,106
Net provision for certificate reserves	7,557	11,343	24,014	42,072
Net investment income before income taxes	12,411	17,689	43,852	55,034
Income tax expense	4,769	6,468	16,672	20,221
Net investment income	7,642	11,221	27,180	34,813
Net realized gain (loss) on investments	(1,469)	677	(257)	5,798
Income tax expense (benefit)	(514)	237	(90)	2,029
Net realized gain (loss) on investments, after-tax	(955)	440	(167)	3,769
Net income	$ 6,687	$ 11,661	$ 27,013	$ 38,582
Supplemental Disclosures:				
Net realized gain (loss) on investments:				
Net realized gain on investments before impairment losses on securities	$ 701	$ 710	$ 3,107	$ 8,401
Total other-than-temporary impairment losses on securities	(10,595)	–	(16,087)	(4,662)
Portion of loss recognized in other comprehensive income	8,425	(33)	12,723	2,059
Net impairment losses recognized in net realized gain (loss) on investments	(2,170)	(33)	(3,364)	(2,603)

Total net realized gain (loss) on investments	$ (1,469)	$ 677	$ (257)	$ 5,798

See Notes to Consolidated Financial Statements.

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AMERIPRISE CERTIFICATE COMPANY

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2011 (unaudited)	December 31, 2010
Assets		
Qualified Assets		
Cash equivalents	$ 110,697	$ 182,192
Investments in unaffiliated issuers	2,793,346	3,085,562
Receivables	13,496	20,967
Equity derivatives, purchased	18,830	89,014
Total qualified assets	2,936,369	3,377,735
Deferred taxes, net	53,205	45,367
Total assets	$ 2,989,574	$ 3,423,102
Liabilities and Shareholder' s Equity		
Liabilities		
Certificate reserves	$ 2,819,020	$ 3,159,831
Current taxes payable to parent	5,698	7,667
Payable for investment securities purchased	19,805	–
Equity derivatives, written	14,705	75,201
Accounts payable, accrued liabilities and other liabilities	8,189	17,909
Total liabilities	2,867,417	3,260,608
Shareholder' s Equity		
Common shares ($10 par value, 150,000 shares authorized and issued)	1,500	1,500
Additional paid-in capital	162,011	181,998
Retained earnings	15	15
Accumulated other comprehensive loss, net of tax	(41,369)	(21,019)
Total shareholder' s equity	122,157	162,494
Total liabilities and shareholder' s equity	$ 2,989,574	$ 3,423,102

See Notes to Consolidated Financial Statements.

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AMERIPRISE CERTIFICATE COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Cash Flows from Operating Activities		
Net income	$ 27,013	$ 38,582
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest added to certificate loans	(86)	(124)
Amortization of premiums, accretion of discounts, net	(583)	(2,115)
Deferred income taxes	3,757	17,026
Net realized (gain) loss on available-for-sale investments	1,183	(1,674)
Other net realized loss	15	532
Provision for loan loss	(941)	(4,656)
Changes in operating assets and liabilities:		
Dividends and interest receivable	5,878	7,297
Certificate reserves, net	(10,589)	(14,093)
Due to parent for income taxes, net	(1,969)	(15,368)
Derivatives, net	9,688	13,092
Derivatives collateral, net	(3,084)	(12,084)
Other, net	(6,626)	(5,902)
Net cash provided by operating activities	23,656	20,513
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Sales	46,531	62,573
Maturities, redemptions and calls	943,529	1,415,150
Purchases	(741,407)	(674,447)
Syndicated loans and commercial mortgage loans:		
Sales	133	37,840
Maturities and redemptions	55,602	52,820
Purchases and fundings	(22,450)	(146)
Certificate loans:		
Payments	280	549
Fundings	(147)	(405)
Net cash provided by investing activities	282,071	893,934
Cash Flows from Financing Activities		
Payments from certificate owners	573,382	651,891
Certificate maturities and cash surrenders	(903,604)	(1,443,538)
Dividend/return of capital to parent	(47,000)	(145,000)
Net cash used in financing activities	(377,222)	(936,647)
Net decrease in cash equivalents	(71,495)	(22,200)
Cash equivalents at beginning of period	182,192	309,183
Cash equivalents at end of period	$ 110,697	$ 286,983
Supplemental disclosures including non-cash transactions:		
Cash paid for income taxes	$ 12,067	$ 19,938
Cash paid for interest	32,685	59,417
Certificate maturities and surrenders through loan reductions	478	966

See Notes to Consolidated Financial Statements.

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AMERIPRISE CERTIFICATE COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDER' S EQUITY (UNAUDITED)
Nine Months Ended September 30, 2011 and 2010
(in thousands, except share data)

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings: Appropriated for Additional Interest on Advance Payments	Retained Earnings: Unappropriated	Accumulated Other Comprehensive Loss, Net of Tax	Total
Balance at January 1, 2010	150,000	$ 1,500	$ 297,964	$ 15	$ (6,373)	$ (47,908)	$ 245,198
Comprehensive income:							
Net income	–	–	–	–	38,582	–	38,582
Other comprehensive income, net of tax:							
Change in net unrealized securities losses	–	–	–	–	–	33,328	33,328
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities	–	–	–	–	–	3,244	3,244
Total comprehensive income							75,154
Dividend/return of capital to parent	–	–	(112,791)	–	(32,209)	–	(145,000)
Balance at September 30, 2010	150,000	$ 1,500	$ 185,173	$ 15	$ –	$ (11,336)	$ 175,352
Balance at January 1, 2011	150,000	$ 1,500	$ 181,998	$ 15	$ –	$ (21,019)	$ 162,494
Comprehensive income:							
Net income	–	–	–	–	27,013	–	27,013
Other comprehensive loss, net of tax:							
Change in net unrealized securities losses	–	–	–	–	–	(16,168)	(16,168)
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities	–	–	–	–	–	(4,182)	(4,182)
Total comprehensive income							6,663
Dividend/return of capital to parent	–	–	(19,987)	–	(27,013)	–	(47,000)
Balance at September 30, 2011	150,000	$ 1,500	$ 162,011	$ 15	$ –	$ (41,369)	$ 122,157

See Notes to Consolidated Financial Statements.

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AMERIPRISE CERTIFICATE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

Ameriprise Certificate Company ("ACC" or the "Company"), is a wholly owned subsidiary of Ameriprise Financial, Inc. ("Ameriprise Financial"). The accompanying Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). ACC uses the consolidation method of accounting for its wholly owned subsidiary, Investors Syndicate Development Corp. The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations and financial position for the interim periods have been made. Except for the adjustment described below, all adjustments made were of a normal recurring nature. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Financial Statements and Notes should be read in conjunction with the Financial Statements and Notes in the Annual Report on Form 10-K of ACC for the year ended December 31, 2010, filed with the Securities and Exchange Commission ("SEC") on February 23, 2011.

In the nine months ended September 30, 2011, ACC made an adjustment for additional bond discount amortization investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities, which resulted in a $3.9 million pretax benefit ($2.5 million after-tax). Management has determined that the effect of this adjustment is immaterial to all current and prior periods presented.

ACC evaluated events or transactions that occurred after the consolidated balance sheet date for potential recognition or disclosure through the date the consolidated financial statements were issued.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Receivables

In April 2011, the Financial Accounting Standards Board ("FASB") updated the accounting standards for troubled debt restructurings. The new standard includes indicators that a lender should consider in determining whether a borrower is experiencing financial difficulties and provides clarification for determining whether the lender has granted a concession to the borrower. The standard sets the effective dates for troubled debt restructuring disclosures required by recent guidance on credit quality disclosures. The standard is effective for interim and annual periods beginning on or after June 15, 2011, and is to be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption. For purposes of measuring impairments of receivables that are considered impaired as a result of applying the new guidance, the standard should be applied prospectively for the interim or annual period beginning on or after June 15, 2011. ACC adopted the standard in the third quarter of 2011. The adoption did not have any effect on ACC' s consolidated results of operations and financial condition. See Note 4 for required disclosures.

Fair Value

In January 2010, the FASB updated the accounting standards related to disclosures on fair value measurements. The standard expands the current disclosure requirements to include additional detail about significant transfers between Levels 1 and 2 within the fair value hierarchy and presents activity in the rollforward of Level 3 activity on a gross basis. The standard also clarifies existing disclosure requirements related to the level of disaggregation to be used for assets and liabilities as well as disclosures on the inputs and valuation techniques used to measure fair value. The standard is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements related to the Level 3 rollforward, which are effective for interim and annual periods beginning after December 15, 2010. ACC adopted the standard in the first quarter of 2010, except for the additional disclosures related to the Level 3 rollforward, which ACC adopted in the first quarter of 2011. The adoption did not have any effect on ACC' s consolidated results of operations and financial condition. See Note 5 for the required disclosures.

Future Adoption of New Accounting Standards

Comprehensive Income

In June 2011, the FASB updated the accounting standards related to the presentation of comprehensive income. The standard requires entities to present all nonowner changes in stockholder' s equity either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The standard is effective for interim and annual periods beginning after December 15, 2011. The standard is to be applied retrospectively. The adoption of the standard will not impact ACC' s consolidated results of operations and financial condition.

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Fair Value

In May 2011, the FASB updated the accounting standards related to fair value measurement and disclosure requirements. The standard requires entities, for assets and liabilities measured at fair value in the statement of financial position which are Level 3 fair value measurements, to disclose quantitative information about unobservable inputs and assumptions used in the measurements, a description of the valuation processes in place, and a qualitative discussion about the sensitivity of the measurements to changes in unobservable inputs and interrelationships between those inputs if a change in those inputs would result in a significantly different fair value measurement. In addition, the standard requires disclosure of fair value by level within the fair value hierarchy for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed. The standard is effective for interim and annual periods beginning on or after December 15, 2011. The adoption of the standard is not expected to have a material impact on ACC' s consolidated results of operations and financial condition.

3. Investments

Investments in unaffiliated issuers were as follows (in thousands):

	September 30, 2011	December 31, 2010
Available-for-Sale:		
Fixed maturities, at fair value (amortized cost: 2011, $2,681,285; 2010, $2,909,769)	$ 2,615,716	$ 2,875,693
Common stocks, at fair value (cost: 2011, $1,462; 2010, $1,376)	2,047	2,413
Syndicated loans and commercial mortgage loans, at cost, net of allowance for loan losses (fair value: 2011, $174,987; 2010, $206,882)	171,060	199,040
Certificate loans − secured by certificate reserves, at cost, which approximates fair value	2,774	3,299
Real estate owned, at fair value less costs to sell	1,749	5,117

Total	$ 2,793,346	$ 3,085,562

Available-for-Sale securities distributed by type were as follows:

	September 30, 2011				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI [1]
	(in thousands)				
Residential mortgage backed securities	$ 1,438,287	$ 21,959	$ (109,405)	$ 1,350,841	$ (44,212)
Corporate debt securities	467,486	7,491	(1,911)	473,066	1
Commercial mortgage backed securities	462,831	7,264	(982)	469,113	–
Asset backed securities	310,047	12,747	(2,867)	319,927	(1,459)
U.S. government and agencies obligations	2,634	135	–	2,769	–
Common stocks	1,462	821	(236)	2,047	–
Total	$ 2,682,747	$ 50,417	$ (115,401)	$ 2,617,763	$ (45,670)

	December 31, 2010				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI [1]
	(in thousands)				
Residential mortgage backed securities	$ 1,472,410	$ 30,242	$ (95,638)	$ 1,407,014	$ (38,323)
Corporate debt securities	583,341	8,923	(1,285)	590,979	2
Commercial mortgage backed securities	499,243	10,121	(1,773)	507,591	–
Asset backed securities	326,344	17,117	(1,939)	341,522	(915)
U.S. government and agencies obligations	28,431	156	–	28,587	–
Common stocks	1,376	1,056	(19)	2,413	–
Total	$ 2,911,145	$ 67,615	$ (100,654)	$ 2,878,106	$ (39,236)

[1] Represents the amount of other-than-temporary impairment ("OTTI") losses in accumulated other comprehensive loss. Amount includes unrealized gains and losses on impaired securities subsequent to the initial impairment measurement date. These amounts are included in gross unrealized gains and losses as of the end of the period.

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At September 30, 2011 and December 31, 2010, fixed maturity securities comprised approximately 90% and 88%, respectively, of ACC' s total investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations ("NRSROs"), including Moody' s Investors Service ("Moody' s"), Standard & Poor' s Ratings Services ("S&P"), and Fitch Ratings Ltd. ("Fitch"). ACC uses the median of available ratings from Moody' s, S&P and Fitch, or if fewer than three ratings are available, the lower rating is used. When ratings from Moody' s, S&P and Fitch are unavailable, ACC may utilize ratings from other NRSROs or rate the securities internally. At September 30, 2011 and December 31, 2010, approximately $5.2 million and $10.0 million, respectively, of securities were internally rated by Columbia Management Investment Advisers, LLC using criteria similar to those used by NRSROs. A summary of fixed maturity securities by rating was as follows:

Ratings	September 30, 2011 Amortized Cost	Fair Value	Percent of Total Fair Value	December 31, 2010 Amortized Cost	Fair Value	Percent of Total Fair Value
	(in thousands, except percentages)					
AAA	$ 1,507,586	$ 1,533,620	59%	$ 1,799,754	$ 1,847,326	64%
AA	167,819	166,968	6	96,952	97,590	3
A	238,692	238,746	9	180,916	180,343	6
BBB	457,871	454,413	17	503,115	500,529	18
Below investment grade	309,317	221,969	9	329,032	249,905	9
Total fixed maturities	$ 2,681,285	$ 2,615,716	100%	$ 2,909,769	$ 2,875,693	100%

At September 30, 2011 and December 31, 2010, approximately 33% and 31%, respectively, of the securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities.

The following tables provide information about Available-for-Sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position:

	September 30, 2011								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in thousands, except number of securities)								
Residential mortgage backed securities	43	$ 451,300	$ (13,848)	72	$ 258,159	$ (95,557)	115	$ 709,459	$ (109,405)
Corporate debt securities	27	117,760	(1,529)	2	1,653	(382)	29	119,413	(1,911)
Commercial mortgage backed securities	18	133,105	(878)	3	18,609	(104)	21	151,714	(982)
Asset backed securities	15	59,831	(2,216)	8	14,631	(651)	23	74,462	(2,867)
Common stocks	2	729	(236)	–	–	–	2	729	(236)
Total	105	$ 762,725	$ (18,707)	85	$ 293,052	$ (96,694)	190	$ 1,055,777	$ (115,401)

	December 31, 2010								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in thousands, except number of securities)								
Residential mortgage backed securities	20	$ 227,367	$ (1,860)	73	$ 282,836	$ (93,778)	93	$ 510,203	$ (95,638)
Corporate debt securities	7	64,667	(1,230)	2	3,471	(55)	9	68,138	(1,285)
Commercial mortgage backed securities	16	150,294	(1,773)	–	–	–	16	150,294	(1,773)
Asset backed securities	11	70,519	(1,402)	5	9,245	(537)	16	79,764	(1,939)
Common stocks	2	947	(19)	–	–	–	2	947	(19)
Total	56	$ 513,794	$ (6,284)	80	$ 295,552	$ (94,370)	136	$ 809,346	$ (100,654)

AMERIPRISE CERTIFICATE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

As part of ACC' s ongoing monitoring process, management determined that a majority of the gross unrealized losses on its Available-for-Sale securities are attributable to movement in credit spreads.

The following table presents a rollforward of the cumulative amounts recognized in the Consolidated Statements of Operations for other-than-temporary impairments related to credit losses on securities for which a portion of the securities' total other-than-temporary impairments was recognized in other comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in millions)			
Beginning balance	$ 61,049	$ 59,800	$ 59,855	$ 57,446
Credit losses for which an other-than-temporary impairment was not previously recognized	1,001	–	1,640	556
Credit losses for which an other-than-temporary impairment was previously recognized	1,169	33	1,724	1,831
Ending balance	$ 63,219	$ 59,833	$ 63,219	$ 59,833

The change in net unrealized securities gains (losses) in other comprehensive income includes two components, net of tax: (i) unrealized gains (losses) that arose from changes in the market value of securities that were held during the period and (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit other-than-temporary impairment losses to credit losses.

The following table presents a rollforward of the net unrealized securities gains (losses) on Available-for-Sale securities included in accumulated other comprehensive loss:

	Net Unrealized Investment Gains (Losses)	Deferred Income Tax	Accumulated Other Comprehensive Loss Related to Net Unrealized Investment Gains (Losses)
	(in thousands)		
Balance at January 1, 2010	$ (73,860)	$ 25,952	$ (47,908)
Net unrealized securities gains arising during the period (2)	58,059	(20,399)	37,660
Reclassification of gains included in net income	(1,674)	586	(1,088)
Balance at September 30, 2010	$ (17,475)	$ 6,139	$ (11,336)(1)
Balance at January 1, 2011	$ (33,039)	$ 12,020	$ (21,019)
Net unrealized securities losses arising during the period (2)	(33,128)	12,009	(21,119)
Reclassification of losses included in net income	1,183	(414)	769
Balance at September 30, 2011	$ (64,984)	$ 23,615	$ (41,369)(1)

[1] Includes $(29.7) million and $(28.3) million of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities at September 30, 2011 and 2010, respectively.

[2] Includes other-than-temporary impairment losses on Available-for-Sale securities related to factors other than credit that were recognized in other comprehensive income during the period.

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in earnings were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands)		(in thousands)	
Gross realized gains from sales	$ 217	$ 993	$ 2,193	$ 4,514
Gross realized losses from sales	–	(108)	(12)	(237)
Other-than-temporary impairments	(2,170)	(33)	(3,364)	(2,603)

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Other-than-temporary impairments for the three months and nine months ended September 30, 2011 and 2010 primarily related to credit losses on non-agency residential mortgage backed securities.

Available-for-Sale securities by contractual maturity at September 30, 2011 were as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Due within one year	$ 69,418	$ 70,081
Due after one year through five years	400,174	405,151
Due after five years through 10 years	313	330
Due after 10 years	215	273
	470,120	475,835
Residential mortgage backed securities	1,438,287	1,350,841
Commercial mortgage backed securities	462,831	469,113
Asset backed securities	310,047	319,927
Common stocks	1,462	2,047
Total	$ 2,682,747	$ 2,617,763

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities, as well as common stocks, were not included in the maturities distribution.

4. Financing Receivables

ACC' s financing receivables include commercial mortgage loans, syndicated loans and certificate loans. Certificate loans do not exceed the cash surrender value of the certificate at origination. As there is minimal risk of loss related to certificate loans, ACC does not record an allowance for loan losses for certificate loans. ACC does not hold any loans acquired with deteriorated credit quality.

The following tables present a rollforward of the allowance for loan losses for the nine months ended and the ending balance of the allowance for loan losses by impairment method and type of loan:

	September 30, 2011		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Beginning balance	$ 2,576	$ 5,281	$ 7,857
Charge-offs	–	(177)	(177)
Provisions	–	(941)	(941)
Ending balance	$ 2,576	$ 4,163	$ 6,739
Individually evaluated for impairment	$ 1,000	$ 669	$ 1,669
Collectively evaluated for impairment	1,576	3,494	5,070

	September 30, 2010		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Beginning balance	$ 1,497	$ 14,104	$ 15,601
Charge-offs	–	(1,465)	(1,465)
Provisions	1,579	(6,235)	(4,656)
Ending balance	$ 3,076	$ 6,404	$ 9,480
Individually evaluated for impairment	$ 500	$ 669	$ 1,169
Collectively evaluated for impairment	2,576	5,735	8,311

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The recorded investment in financing receivables by impairment method and type of loan was as follows:

	September 30, 2011		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Individually evaluated for impairment	$ 4,173	$ 3,399	$ 7,572
Collectively evaluated for impairment	110,930	59,297	170,227
Total	$ 115,103	$ 62,696	$ 177,799

	December 31, 2010
	Commercial

	Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Individually evaluated for impairment	$ –	$ 5,609	$ 5,609
Collectively evaluated for impairment	109,641	91,647	201,288
Total	$ 109,641	$ 97,256	$ 206,897

As of September 30, 2011 and December 31, 2010, ACC' s recorded investment in financing receivables individually evaluated for impairment for which there was no related allowance for loan losses was $2.3 million and $3.7 million, respectively. Unearned income, unamortized premiums and discounts, and net unamortized deferred fees and costs are not material to ACC' s total loan balance. During the three months and nine months ended September 30, 2011, ACC sold nil and $0.1 million, respectively, of syndicated loans. During the three months and nine months ended September 30, 2010, ACC sold $16.7 and $37.8 million, respectively, of syndicated loans. There were no significant purchases of financing receivables during the three months and nine months ended September 30, 2011 and 2010.

Credit Quality Information

Nonperforming loans, which are generally loans 90 days or more past due, were $2.8 million and $1.9 million as of September 30, 2011 and December 31, 2010, respectively. All other loans were considered to be performing.

Commercial Mortgage Loans

ACC reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Based on this review the commercial mortgage loans are assigned an internal risk rating, which management updates as necessary. Commercial mortgage loans which management has assigned its highest risk rating were 3.6% and nil of commercial mortgage loans as of September 30, 2011 and December 31, 2010, respectively. Loans with the highest risk rating represent distressed loans which ACC has identified as impaired or expects to become delinquent or enter into foreclosure in the next six months. In addition, ACC reviews the concentrations of credit risk by region and property type.

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Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
	(in thousands)			
East North Central	$ 1,727	$ 1,737	2%	2%
Middle Atlantic	3,254	3,365	3	3
Mountain	12,049	14,762	10	13
New England	11,127	8,843	10	8
Pacific	26,359	11,447	23	10
South Atlantic	30,448	34,591	26	32
West North Central	20,040	19,616	17	18
West South Central	10,099	15,280	9	14

	115,103	109,641	100%	100%
Less: allowance for loan losses	2,576	2,576		
Total	$ 112,527	$ 107,065		

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans		Percentage	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
	(in thousands)			
Apartments	$ 31,635	$ 25,258	27%	23%
Industrial	21,330	18,990	19	17
Office	20,074	21,879	17	20
Retail	20,864	23,211	18	21
Other	21,200	20,303	19	19
	115,103	109,641	100%	100%
Less: allowance for loan losses	2,576	2,576		
Total	$ 112,527	$ 107,065		

Syndicated Loans

ACC' s syndicated loan portfolio is diversified across industries and issuers. The primary credit indicator for syndicated loans is whether the loans are performing in accordance with the contractual terms of the syndication. Total nonperforming syndicated loans at September 30, 2011 and December 31, 2010 were $1.1 million and $1.9 million, respectively, which represent 2% of total syndicated loans at both September 30, 2011 and December 31, 2010.

Troubled Debt Restructurings

A loan is classified as a restructured loan when ACC makes certain concessionary modifications to contractual terms for borrowers experiencing financial difficulty. When the interest rate, minimum payments, and/or due dates have been modified in an attempt to make the loan more affordable to the borrower, the modification is considered a troubled debt restructuring. Generally, performance prior to the restructuring or significant events that coincide with the restructuring are considered in assessing whether the borrower can meet the new terms which may result in the loan being returned to accrual status at the time of the restructure or after a performance period. If the borrower' s ability to meet the revised payment schedule is not reasonably assured, the loan remains on nonaccrual status. There are no commitments to lend additional funds to borrowers whose loans have been restructured. ACC did not restructure any loans for the three months ended September 30, 2011 and restructured 2 loans with a recorded investment of $239 thousand for the nine months ended September 30, 2011. The troubled debt restructurings did not have a material impact to ACC' s allowance for loan losses or income recognized for both the three months and nine months ended September 30, 2011.

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5. Fair Values of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

ACC categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by ACC' s valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Determination of Fair Value

ACC uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. ACC' s market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. ACC' s income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, ACC maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of 90 days or less. ACC' s cash equivalents are classified as Level 2 and are measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments in Unaffiliated Issuers (Available-for-Sale Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from nationally-recognized pricing services, broker quotes, or other model-based valuation techniques. Level 1 securities primarily include U.S. Treasuries and common stocks. Level 2 securities include agency mortgage backed securities, commercial mortgage backed securities, asset backed securities, municipal and corporate bonds, U.S. agency securities and common stock. The fair value of these Level 2 securities is based on a market approach with prices obtained from nationally-recognized pricing services. Observable inputs used to value these securities can include: reported trades, benchmark yields, issuer spreads and broker/dealer quotes. Level 3 securities primarily include asset backed securities, commercial mortgage backed securities, corporate bonds, non-agency residential mortgage backed securities and common stocks. The fair value of these Level 3 securities is typically based on a single broker quote, except for the valuation of non-agency residential mortgage backed securities. ACC uses prices from nationally-recognized pricing services to determine the fair value of non-agency residential mortgage backed securities; however, ACC classifies these securities as Level 3 because ACC believes the market for these securities is inactive and their valuation includes significant unobservable inputs.

Derivatives (Equity Derivatives, Purchased and Written)

The fair values of derivatives that are traded in less active over-the-counter markets are generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy.

Certificate Reserves

ACC uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates. The inputs to these calculations are primarily market observable and include interest rates, volatilities, and equity index levels. As a result, these measurements are classified as Level 2.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis:

	September 30, 2011			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets				
Cash equivalents	$ –	$ 110,697	$ –	$ 110,697
Available-for-Sale securities:				
Residential mortgage backed securities	–	431,446	919,395	1,350,841
Corporate debt securities	–	469,834	3,232	473,066
Commercial mortgage backed securities	–	469,113	–	469,113
Asset backed securities	–	227,345	92,582	319,927
U.S. government and agencies obligations	456	2,313	–	2,769
Common stocks	444	1,238	365	2,047
Total Available-for-Sale securities	900	1,601,289	1,015,574	2,617,763
Equity derivatives, purchased	–	18,827	3	18,830
Total assets at fair value	$ 900	$ 1,730,813	$ 1,015,577	$ 2,747,290
Liabilities				
Certificate reserves	$ –	$ 3,771	$ –	$ 3,771
Equity derivatives, written	–	14,705	–	14,705
Total liabilities at fair value	$ –	$ 18,476	$ –	$ 18,476

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets				
Cash equivalents	$ –	$ 182,192	$ –	$ 182,192
Available-for-Sale securities:				
Residential mortgage backed securities	–	504,155	902,859	1,407,014
Corporate debt securities	–	583,443	7,536	590,979

Commercial mortgage backed securities	–	497,402	10,189	507,591
Asset backed securities	–	239,850	101,672	341,522
U.S. government and agencies obligations	414	28,173	–	28,587
Common stocks	570	1,499	344	2,413
Total Available-for-Sale securities	984	1,854,522	1,022,600	2,878,106
Equity derivatives, purchased	–	89,008	6	89,014
Total assets at fair value	$ 984	$ 2,125,722	$ 1,022,606	$ 3,149,312
Liabilities				
Certificate reserves	$ –	$ 13,692	$ –	$ 13,692
Equity derivatives, written	–	75,201	–	75,201
Total liabilities at fair value	$ –	$ 88,893	$ –	$ 88,893

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AMERIPRISE CERTIFICATE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables provide a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis:

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
				(in thousands)			
Balance, July 1, 2011	$ 1,006,411	$ 3,516	$ –	$ 98,981	$ 298	$ 4	$ 1,109,210
Total gains (losses) included in:							
Net income	(1,142)[(1)]	–	–	482[(2)]	–	(1)[(2)]	(661)
Other comprehensive income	(21,302)	(45)	–	(1,500)	(19)	–	(22,866)
Purchases	16,661	–	–	–	–	–	16,661
Sales	–	–	–	–	–	–	–
Settlements	(81,233)	(239)	–	(9,389)	–	–	(90,861)
Transfers into Level 3	–	–	–	10,876	86	–	10,962
Transfers out of Level 3	–	–	–	(6,868)	–	–	(6,868)
Balance, September 30, 2011	$ 919,395	$ 3,232	$ –	$ 92,582	$ 365	$ 3	$ 1,015,577
Change in unrealized gains (losses) included in net income related to Level 3 assets held at September 30, 2011	$ (1,140)[(3)]	$ –	$ –	$ 482[(2)]	$ –	$ (1)[(2)]	$ (659)

(1) Represents a $(2,171) loss included in net realized gain (loss) on investments and $1,029 included in investment income in the Consolidated Statements of Operations.

(2) Included in investment income in the Consolidated Statements of Operations.

(3) Represents a $(2,171) loss included in net realized gain (loss) on investments and $1,031 included in investment income in the Consolidated Statements of Operations.

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
				(in thousands)			
Balance, July 1, 2010	$ 812,367	$ 7,982	$ –	$ 114,469	$ –	$ 4	$ 934,822
Total gains included in:							
Net income	718 (1)	–	–	907 (2)	–	–	1,625
Other comprehensive income	16,250	20	–	1,397	19	–	17,686
Purchases, sales, issues and settlements, net	14,285	(21)	–	(10,830)	–	–	3,434
Transfers into Level 3	–	–	–	–	230	–	230
Balance, September 30, 2010	$ 843,620	$ 7,981	$ –	$ 105,943	$ 249	$ 4	$ 957,797
Change in unrealized gains included in net income related to Level 3 assets held at September 30, 2010	$ 718 (1)	$ –	$ –	$ 907 (2)	$ –	$ –	$ 1,625

(1) Represents a $(33) loss included in net realized gain (loss) on investments and $751 included in investment income in the Consolidated Statements of Operations.

(2) Included in investment income in the Consolidated Statements of Operations.

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	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
				(in thousands)			
Balance, January 1, 2011	$ 902,859	$ 7,536	$ 10,189	$ 101,672	$ 344	$ 6	$ 1,022,606
Total gains (losses) included in:							
Net income	(93) (1)	–	(1) (2)	3,453 (2)	–	(3) (2)	3,356
Other comprehensive income	(22,309)	(131)	204	(3,382)	16	–	(25,602)
Purchases	303,425	–	23,520	24,732	–	–	351,677
Sales	(74)	–	–	–	–	–	(74)
Settlements	(244,785)	(4,173)	–	(32,511)	–	–	(281,469)
Transfers into Level 3	–	–	–	5,486	91	–	5,577

Transfers out of Level 3	(19,628)	–	(33,912)	(6,868)	(86)	–	(60,494)
Balance, September 30, 2011	$ 919,395	$ 3,232	$ –	$ 92,582	$ 365	$ 3	$ 1,015,577
Change in unrealized gains (losses) included in net income related to Level 3 assets held at September 30, 2011	$ 229[3]	$ –	$ –	$ 3,453[2]	$ –	$ (3)[2]	$ 3,679

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(1) Represents a $(3,365) loss included in net realized gain (loss) on investments and $3,272 included in investment income in the Consolidated Statements of Operations.

(2) Included in investment income in the Consolidated Statements of Operations.

(3) Represents a $(3,365) loss included in net realized gain (loss) on investments and $3,594 included in investment income in the Consolidated Statements of Operations.

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
				(in thousands)			
Balance, January 1, 2010	$ 745,633	$ 12,104	$ –	$ 130,584	$ –	$ –	$ 888,321
Total gains (losses) included in:							
Net income	1,006[1]	–	–	3,515[2]	–	4[3]	4,525
Other comprehensive income	48,789	(22)	–	8,005	19	–	56,791
Purchases, sales, issues and settlements, net	48,192	(4,101)	–	(36,161)	–	–	7,930
Transfers into Level 3	–	–	–	–	230	–	230
Balance, September 30, 2010	$ 843,620	$ 7,981	$ –	$ 105,943	$ 249	$ 4	$ 957,797
Change in unrealized gains included in net income related to Level 3 assets held at September 30, 2010	$ 923[4]	$ –	$ –	$ 3,515[2]	$ –	$ 4[3]	$ 4,442

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(1) Represents a $(2,098) loss included in net realized gain (loss) on investments and a $3,104 gain included in investment income in the Consolidated Statements of Operations.

(2) Represents a $(289) loss included in net realized gain (loss) on investments and a $3,804 gain included in investment income in the Statements of Operations.

(3) Included in investment income in the Consolidated Statements of Operations.

(4) Represents a $(2,098) loss included in net realized gain (loss) on investments and a $3,021 gain in investment income in the Statements of Operations.

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Securities transferred from Level 2 to Level 3 represent securities with fair values that are now based on a single broker quote. Securities transferred from Level 3 to Level 2 represent securities with fair values that are now obtained from a nationally-recognized pricing service with observable inputs.

ACC recognizes transfers between levels of the fair value hierarchy as of the beginning of the quarter in which each transfer occurred.

During the reporting periods, there were no material assets or liabilities measured at fair value on a nonrecurring basis.

The following table provides the carrying value and the estimated fair value of financial instruments that are not reported at fair value. All other financial instruments that are reported at fair value have been included above in the table with balances of assets and liabilities measured at fair value on a recurring basis.

	September 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in thousands)			
Financial Assets				
Syndicated loans	$ 58,533	$ 56,292	$ 91,975	$ 93,518
Commercial mortgage loans	112,527	118,695	107,065	113,364
Certificate loans	2,774	2,774	3,299	3,299
Financial Liabilities				
Certificate reserves	$ 2,815,249	$ 2,790,881	$ 3,146,139	$ 3,128,694

The fair value of syndicated loans is obtained from a nationally-recognized pricing service.

The fair value of commercial mortgage loans, except those with significant credit deterioration, is determined by discounting contractual cash flows using discount rates that reflect current pricing for loans with similar remaining maturities and characteristics including loan-to-value ratio, occupancy rate, refinance risk, debt-service coverage, location, and property condition. For commercial mortgage loans with significant credit deterioration, fair value is determined using the same adjustments as above with an additional adjustment for ACC' s estimate of the amount recoverable on the loan.

The fair value of investment certificate reserves is determined by discounting cash flows using discount rates that reflect current pricing for assets with similar terms and characteristics, with adjustments for early withdrawal behavior, penalty fees, expense margin and ACC' s nonperformance risk specific to these liabilities.

6. Derivatives and Hedging Activities

Derivative instruments enable ACC to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity and interest rate indices or prices. ACC primarily enters into derivative agreements for risk management purposes related to ACC' s products.

ACC uses derivatives as economic hedges of equity and interest rate risk related to stock market certificates. ACC does not designate any derivatives for hedge accounting. The following table presents the balance sheet location and the gross fair value of derivative instruments, including embedded derivatives, by type of derivative and product:

		Asset			Liability	
Derivatives not designated as hedging instruments	Balance Sheet Location	September 30, 2011	December 31, 2010	Balance Sheet Location	September 30, 2011	December 31, 2010
		(in thousands)			(in thousands)	
Equity						

Stock market certificates	Equity derivatives, purchased	$ 18,380	$ 88,590	Equity derivatives, written	$ 14,705	$ 75,201
Equity warrants	Equity derivatives, purchased	450	424	N/A	–	–
Stock market certificates embedded derivatives	N/A	–	–	Certificate reserves	3,771	13,692
Total		$ 18,830	$ 89,014		$ 18,476	$ 88,893

N/A Not applicable.

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See Note 5 for additional information regarding ACC' s fair value measurement of derivative instruments.

The following tables present a summary of the impact of derivatives not designated as hedging instruments on the Consolidated Statements of Operations:

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income Three Months Ended September 30, 2011	Nine Months Ended September 30, 2011
		(in thousands)	
Equity			
Stock market certificates	Net provision for certificate reserves	$ (4,393)	$ (1,440)
Equity warrants	Investment income	(26)	26
Stock market certificates embedded derivatives	Net provision for certificate reserves	4,640	2,079
Total		$ 221	$ 665

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
		(in thousands)	
Equity			
Stock market certificates	Net provision for certificate reserves	$ 6,261	$ 4,219
Equity warrants	Investment income	(65)	328
Stock market certificates embedded derivatives	Net provision for certificate reserves	(5,850)	(4,036)
Total		$ 346	$ 511

Ameriprise Stock Market Certificates ("SMC") offer a return based upon the relative change in a major stock market index between the beginning and end of the SMC' s term. The SMC product contains an embedded derivative. The equity based return of the certificate must be separated from the host contract and accounted for as a derivative instrument. As a result of fluctuations in equity markets, and the corresponding changes in value of the embedded derivative, the amount of expenses incurred by ACC related to the SMC product will positively or negatively impact reported earnings. As a means of hedging its obligations under the provisions for these certificates, ACC purchases and writes call options on the S&P 500 Index. ACC views this strategy as a prudent management of equity market sensitivity, such that earnings are not exposed to undue risk presented by changes in equity market levels. The gross notional amount of these derivative contracts was $1.3 billion and $1.4 billion at September 30, 2011 and December 31, 2010, respectively. ACC also purchases futures on the S&P 500 Index to economically hedge its obligations. The futures are marked-to-market daily and exchange traded, exposing ACC to no counterparty risk. The gross notional amount of these derivative contracts was $0.3 million at both September 30, 2011 and December 31, 2010.

Equity warrants were received as part of a syndicated loan restructure and do not constitute a hedge of underlying assets or liabilities.

Credit Risk

Credit risk associated with ACC' s derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, ACC has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting arrangements and collateral arrangements whenever practical. As of September 30, 2011 and December 31, 2010, ACC held $1.5 million and $4.6 million, respectively, in cash and recorded a corresponding liability in other liabilities for collateral ACC is obligated to return to counterparties. As of September 30, 2011 and December 31, 2010, ACC' s maximum credit exposure related to derivative assets after considering netting arrangements with counterparties and collateral arrangements was approximately $2.3 million and $8.9 million, respectively.

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7. Contingencies

ACC is not aware that it is a party to any pending legal, arbitration, or regulatory proceeding that is likely to have a material adverse effect on its consolidated financial condition, results of operations or liquidity. Notwithstanding the foregoing, it is possible that the outcome of any current or future legal, arbitration or regulatory proceeding could have a material adverse effect on the consolidated results of operations in any particular reporting period as the proceedings are resolved.

8. Income Taxes

The effective tax rate was 38.9% and 38.0% for the three months and nine months ended September 30, 2011, respectively, compared to 36.5% and 36.6% for the three months and nine months ended September 30, 2010, respectively.

ACC is required to establish a valuation allowance for any portion of the deferred income tax assets that management believes will not be realized. Included in deferred income tax assets are a significant deferred tax asset relating to capital losses that have been recognized for financial statement purposes but not yet for tax return purposes and future deductible capital losses realized for tax return purposes. Under current U.S. federal income tax law, capital losses generally must be used against capital gain income within five years of the year in which the capital losses are recognized for tax purposes. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business including the ability to generate capital gains. Consideration is given to, among other things in making this determination, (i) future taxable income exclusive of reversing temporary differences and carryforwards, (ii) future reversals of existing taxable temporary differences, (iii) taxable income in prior carryback years, and (iv) tax planning strategies. Based on analysis of ACC' s tax position, management believes it is more likely than not that the results of future operations and implementation of tax planning strategies will generate sufficient taxable income to enable the Company to utilize all of its deferred tax assets. Accordingly, no valuation allowance for deferred tax assets has been established as of September 30, 2011 and December 31, 2010.

As of September 30, 2011 and December 31, 2010, ACC had $2 million and nil, respectively, of gross unrecognized tax benefits. If recognized, it is unlikely that there would be any effect on the effective tax rate, net of federal tax benefits, of the unrecognized tax benefits as of September 30, 2011 and December 31, 2010.

ACC recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. ACC recognized nil and $1 million in interest and penalties for the three months and nine months ended September 30, 2011, respectively, and nil and $0.3 million in interest and penalties for the three months and nine months ended September 30, 2010, respectively. ACC had $1 million and nil accrued for the payment of interest and penalties at September 30, 2011 and December 31, 2010, respectively.

It is reasonably possible that the total amounts of unrecognized tax benefits will change in the next 12 months. Based on the current audit position of ACC, it is estimated that the total amount of gross unrecognized tax benefits may decrease by $2 million in the next 12 months.

ACC files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, ACC is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 1997. The Internal Revenue Service ("IRS"), completed its field examination of ACC' s U.S. income tax returns for 2005 through 2007 during the third and fourth quarters of 2010. The IRS had previously completed its field examination of the 1997 through 2004 tax returns in recent years as part of the overall examination of the American Express Company consolidated returns. However, for federal income tax purposes these years continue to remain open as a consequence of certain issues under appeal. In the fourth quarter of 2010, the IRS commenced an examination of ACC' s U.S. income tax returns for 2008 and 2009. ACC' s or its subsidiary' s state income tax returns are currently under examination by various jurisdictions for years ranging from 1998 through 2008.

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AMERIPRISE CERTIFICATE COMPANY

ITEM 2. MANAGEMENT' S NARRATIVE ANALYSIS

The following information should be read in conjunction with Ameriprise Certificate Company' s ("ACC") Financial Statements and related notes presented in Part I, Item 1. This discussion may contain forward-looking statements that reflect ACC' s plans, estimates and beliefs. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed under "Forward-Looking Statements." ACC believes it is useful to read its management' s narrative analysis in conjunction with its Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission ("SEC") on February 23, 2011 ("2010 10-K"), as well as its current reports on Form 8-K and other publicly available information.

ACC is a wholly owned subsidiary of Ameriprise Financial, Inc. ("Ameriprise Financial"). ACC is registered as an investment company under the Investment Company Act of 1940 and is in the business of issuing face-amount investment certificates. Face-amount investment certificates issued by ACC entitle the certificate owner to receive at maturity a stated amount of money and interest or credits declared from time to time by ACC, at its discretion. The certificates issued by ACC are not insured by any government agency. ACC' s certificates are sold primarily by Ameriprise Financial Services, Inc., an affiliate of ACC. Ameriprise Financial Services, Inc. is registered as a broker-dealer in all 50 states, the District of Columbia and Puerto Rico. ACC' s investment portfolio is managed by Columbia Management Investment Advisers, LLC ("CMIA"), a wholly owned subsidiary of Ameriprise Financial.

ACC' s future profitability is dependent upon changes in the economic, credit and equity environments, as well as the competitive environment. Ameriprise Financial and unaffiliated third parties offer certain competing products which have demonstrated strong appeal to investors.

Management' s narrative analysis of the results of operations is presented in lieu of management' s discussion and analysis of financial condition and results of operations, pursuant to General Instructions H(2)(a) of Form 10-Q.

Critical Accounting Policies

ACC' s critical accounting policies are discussed in detail in "Management' s Narrative Analysis − Critical Accounting Policies" in its 2010 10-K.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements and their expected impact on ACC' s future results of operations or financial condition, see Note 2 to the consolidated financial statements.

Results of Operations for the Nine Months Ended September 30, 2011 and 2010

Net income for the nine months ended September 30, 2011 was $27.0 million compared to $38.6 million for the nine months ended September 30, 2010, a decrease of $11.6 million, primarily due to a decrease in investment income as a result of lower investment balances and lower average yields partially offset by decreases in investment expenses and net provision for certificate reserves. Results for the nine months ended September 30, 2011 included a $2.5 million after-tax adjustment for additional bond discount amortization investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities.

Investment income decreased $32.2 million, or 27%, to $88.0 million for the nine months ended September 30, 2011 compared to $120.3 million for the prior year period. This decrease is primarily the result of lower investment balances due to net outflows of certificates driven by lower interest crediting rates, as well as lower average yields on invested assets. Investment income for the nine months ended September 30, 2011 included a $3.9 million adjustment for additional bond discount amortization investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities.

Investment expenses decreased $3.0 million, or 13%, to $20.2 million for the nine months ended September 30, 2011 compared to $23.1 million for the prior year period. This decrease is due to lower distribution fees and investment advisory and services fees as a result of lower certificate reserve balances in the 2011 period compared to the prior year period.

Net provision for certificate reserves decreased $18.1 million, or 43%, to $24.0 million for the nine months ended September 30, 2011 compared to $42.1 million for the prior year period. This decrease is a result of lower certificate balances primarily driven by client outflows and lower interest crediting rates compared to the prior year period.

Net realized loss on investments was $0.3 million for the nine months ended September 30, 2011 compared to a net realized gain on investments of $5.8 million for the prior year period. Included in net realized investment losses for the nine months ended

September 30, 2011 was a $1.1 million decrease in the syndicated loans reserve compared to a $7.7 million decrease for the prior year period. The decrease in the reserve for both periods was primarily due to improvement of underlying credit. For the nine months ended September 30, 2011, the decrease in the syndicated loans reserve, as well as net gains on corporate securities due to sales, calls and tenders, were offset by other-than-temporary impairment losses on non-agency residential mortgage backed securities. For the nine months ended September 30, 2010, net realized gain on investments also included net gains on corporate securities due to sales, calls and tenders partially offset by an increase in the commercial mortgage loan reserve and other-than-temporary impairment losses on non-agency residential mortgage backed securities.

The effective tax rate was 38.0% for the nine months ended September 30, 2011 compared to 36.6% for the nine months ended September 30, 2010.

Fair Value Measurements

ACC reports certain assets and liabilities at fair value; specifically, derivatives, embedded derivatives, and most investments and cash equivalents. Fair value assumes the exchange of assets or liabilities occurs in orderly transactions. Companies are not permitted to use market prices that are the result of a forced liquidation or distressed sale. ACC includes actual market price or observable inputs in its fair value measurements to the extent available. Broker quotes are obtained when quotes from pricing services are not available. ACC validates prices obtained from third parties through a variety of means such as: price variance analysis, subsequent sales testing, stale price review, price comparison across pricing vendors and due diligence reviews of vendors.

Non-agency Residential Mortgage Backed and Asset Backed Securities Backed by Subprime, Alt-A or Prime Collateral

Subprime mortgage lending is the origination of residential mortgage loans to customers with weak credit profiles. Alt-A mortgage lending is the origination of residential mortgage loans to customers who have credit ratings above subprime but may not conform to government-sponsored standards. Prime mortgage lending is the origination of residential mortgage loans to customers with good credit profiles. ACC has exposure to these types of loans predominantly through mortgage backed and asset backed securities. The slowdown in the U.S. housing market, combined with relaxed underwriting standards by some originators, has led to higher delinquency and loss rates for some of these investments. Market conditions have increased the likelihood of other-than-temporary impairments for certain non-agency residential mortgage backed securities. As a part of ACC' s risk management process, an internal rating system is used in conjunction with market data as the basis for analysis to assess the likelihood that ACC will not receive all contractual principal and interest payments for these investments. For the investments that are more at risk for impairment, ACC performs its own assessment of projected cash flows incorporating assumptions about default rates, prepayment speeds, loss severity, and geographic concentrations to determine if an other-than-temporary impairment should be recognized.

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The following table presents as of September 30, 2011, ACC' s non-agency residential mortgage backed and asset backed securities backed by subprime, Alt-A or prime mortgage loans by credit rating and vintage year (in thousands):

	AAA		AA		A		BBB		BB & Below		Total	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Subprime												
2003 & prior	$ 5,560	$ 5,316	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 5,560	$ 5,316
2004	7,360	6,976	–	–	5,118	4,949	–	–	7,674	6,215	20,152	18,140

2005	3,660	3,659	18,483	19,025	–	–	–	–	7,373	7,067	29,516	29,751
2006	–	–	–	–	–	–	2,527	2,502	1,492	1,475	4,019	3,977
2007	–	–	–	–	–	–	2,268	2,233	–	–	2,268	2,233
Re-Remic[1]	–	–	–	–	3,366	3,274	4,769	4,813	–	–	8,135	8,087
Total Subprime	$ 16,580	$ 15,951	$ 18,483	$ 19,025	$ 8,484	$ 8,223	$ 9,564	$ 9,548	$ 16,539	$ 14,757	$ 69,650	$ 67,504
Alt-A												
2003 & prior	$ 1,458	$ 1,431	$ 1,290	$ 1,304	$ –	$ –	$ 825	$ 760	$ –	$ –	$ 3,573	$ 3,495
2004	–	–	4,475	3,944	171	126	15,360	10,700	11,265	8,097	31,271	22,867
2005	–	–	–	–	–	–	–	–	82,873	53,186	82,873	53,186
2006	–	–	–	–	–	–	–	–	25,982	20,724	25,982	20,724
2007	–	–	–	–	–	–	–	–	39,048	23,111	39,048	23,111
2008	–	–	–	–	–	–	–	–	–	–	–	–
2009	–	–	–	–	–	–	–	–	–	–	–	–
2010	45,946	44,983	–	–	–	–	–	–	–	–	45,946	44,983
Re-Remic[1]	112,957	111,988	–	–	3,626	3,614	–	–	–	–	116,583	115,602
Total Alt-A	$ 160,361	$ 158,402	$ 5,765	$ 5,248	$ 3,797	$ 3,740	$ 16,185	$ 11,460	$ 159,168	$ 105,118	$ 345,276	$ 283,968
Prime												
2003 & prior	$ 27,622	$ 27,824	$ 28,164	$ 27,553	$ 32,504	$ 30,778	$ 11,710	$ 11,209	$ –	$ –	$ 100,000	$ 97,364
2004	12,857	12,035	18,108	17,535	8,174	7,753	31,426	27,985	37,188	20,844	107,753	86,152
2005	2,896	2,645	–	–	–	–	15,075	14,225	80,090	65,972	98,061	82,842
2006	–	–	–	–	–	–	–	–	3,053	2,544	3,053	2,544
2007	–	–	19,865	18,205	–	–	–	–	–	–	19,865	18,205
Re-Remic[1]	255,253	256,313	38,191	37,127	54,537	54,880	–	–	–	–	347,981	348,320
Total Prime	$ 298,628	$ 298,817	$ 104,328	$ 100,420	$ 95,215	$ 93,411	$ 58,211	$ 53,419	$ 120,331	$ 89,360	$ 676,713	$ 635,427
Grand Total	$ 475,569	$ 473,170	$ 128,576	$ 124,693	$ 107,496	$ 105,374	$ 83,960	$ 74,427	$ 296,038	$ 209,235	$ 1,091,639	$ 986,899

(1) Re-Remics of mortgage backed securities are prior vintages with cash flows structured into senior and subordinated bonds. Credit enhancement has been increased through the Re-Remic process on the securities ACC owns.

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Forward-Looking Statements

This report contains forward-looking statements that reflect management' s plans, estimates and beliefs. Actual results could differ materially from those described in these forward-looking statements. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," "forecast," "on pace," "project" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. ACC undertakes no obligation to update or revise any forward-looking statements.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

ACC maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) designed to provide reasonable assurance that the information required to be reported in the Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in and pursuant to SEC regulations, including controls and procedures designed to ensure that this information is accumulated and communicated to ACC' s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. It should be noted that, because of inherent limitations, ACC' s disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

ACC' s management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of ACC' s disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, ACC' s Chief Executive Officer and Chief Financial Officer have concluded that ACC' s disclosure controls and procedures were effective at a reasonable level of assurance as of September 30, 2011.

Changes in Internal Control over Financial Reporting

There have not been any changes in ACC' s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, ACC' s internal control over financial reporting.

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AMERIPRISE CERTIFICATE COMPANY
PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 7 to the Consolidated Financial Statements in Part I, Item 1 is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors provided in Part I, Item 1A of ACC' s 2010 10-K.

ITEM 6. EXHIBITS

The list of exhibits required to be filed as exhibits to this report are listed on page E-1 hereof, under "Exhibit Index," which is incorporated herein by reference.

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AMERIPRISE CERTIFICATE COMPANY

SIGNATURES

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

	AMERIPRISE CERTIFICATE COMPANY (Registrant)
Date: November 7, 2011	/s/ William F. Truscott
	William F. Truscott Chief Executive Officer
Date: November 7, 2011	/s/ Ross P. Palacios
	Ross P. Palacios Chief Financial Officer

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AMERIPRISE CERTIFICATE COMPANY

EXHIBIT INDEX

The following exhibits are filed as part of this Quarterly Report:

Exhibit	Description
3(a)	Amended and Restated Certificate of Incorporation of American Express Certificate Company, dated August 1, 2005, filed electronically on or about March 10, 2006 as Exhibit 3(a) to Registrant' s Form 10-K is incorporated by reference.
3(b)	By-Laws of Ameriprise Certificate Company, filed electronically on or about November 5, 2010 as Exhibit 3(b) to Registrant' s Form 10-Q, are incorporated herein by reference.
* 31.1	Certification of William F. Truscott pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
* 31.2	Certification of Ross P. Palacios pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
* 32.1	Certification of William F. Truscott and Ross P. Palacios pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
* 101	The following materials from Ameriprise Certificate Company' s Quarterly Report on Form 10-Q for the period ended September 30, 2011, formatted in XBRL: (i) Consolidated Statements of Operations for the three months and nine months

ended September 30, 2011 and 2010; (ii) Consolidated Balance Sheets at September 30, 2011 and December 31, 2010; (iii) Consolidated Statements of Cash Flows for the nine months ended September 30, 2011 and 2010; (iv) Consolidated Statements of Shareholder' s Equity for the nine months ended September 30, 2011 and 2010; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.

** Filed electronically herewithin.*

Exhibit 31.1

CERTIFICATION

I, William F. Truscott, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameriprise Certificate Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 7, 2011	By	/s/ William F. Truscott
		William F. Truscott
		Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Ross P. Palacios, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameriprise Certificate Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 7, 2011	By	/s/ Ross P. Palacios
		Ross P. Palacios
		Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ameriprise Certificate Company (the "Company") for the quarterly period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), William F. Truscott, as Chief Executive Officer of the Company and Ross P. Palacios, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2011	By	/s/ William F. Truscott
		William F. Truscott
		Chief Executive Officer
Date: November 7, 2011	By	/s/ Ross P. Palacios
		Ross P. Palacios
		Chief Financial Officer

CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $)	Sep. 30, 2011	Dec. 31, 2010
CONSOLIDATED BALANCE SHEETS		
Common shares, par value (in dollars per share)	$ 10	$ 10
Common shares, shares authorized	150,000	150,000
Common shares, shares issued	150,000	150,000

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands	9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010
Cash Flows from Operating Activities		
Net income	$ 27,013	$ 38,582
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest added to certificate loans	(86)	(124)
Amortization of premiums, accretion of discounts, net	(583)	(2,115)
Deferred income taxes	3,757	17,026
Net realized (gain) loss on available-for-sale investments	1,183	(1,674)
Other net realized loss	15	532
Provision for loan loss	(941)	(4,656)
Changes in operating assets and liabilities:		
Dividends and interest receivable	5,878	7,297
Certificate reserves, net	(10,589)	(14,093)
Due to parent for income taxes, net	(1,969)	(15,368)
Derivatives, net	9,688	13,092
Derivatives collateral, net	(3,084)	(12,084)
Other, net	(6,626)	(5,902)
Net cash provided by operating activities	23,656	20,513
Available-for-Sale securities:		
Sales	46,531	62,573
Maturities, redemptions and calls	943,529	1,415,150
Purchases	(741,407)	(674,447)
Syndicated loans and commercial mortgage loans:		
Sales	133	37,840
Maturities and redemptions	55,602	52,820
Purchases and fundings	(22,450)	(146)
Certificate loans:		
Payments	280	549
Fundings	(147)	(405)
Net cash provided by investing activities	282,071	893,934
Cash Flows from Financing Activities		
Payments from certificate owners	573,382	651,891
Certificate maturities and cash surrenders	(903,604)	(1,443,538)
Dividend/return of capital to parent	(47,000)	(145,000)
Net cash used in financing activities	(377,222)	(936,647)
Net decrease in cash equivalents	(71,495)	(22,200)
Cash equivalents at beginning of period	182,192	309,183
Cash equivalents at end of period	110,697	286,983
Supplemental disclosures including non-cash transactions:		
Cash paid for income taxes	12,067	19,938

Cash paid for interest	32,685	59,417
Certificate maturities and surrenders through loan reductions	$ 478	$ 966

CONSOLIDATED STATEMENTS OF OPERATIONS (USD $) In Thousands	3 Months Ended		9 Months Ended	
	Sep. 30, 2011	Sep. 30, 2010	Sep. 30, 2011	Sep. 30, 2010
Investment income	$ 26,420	$ 36,120	$ 88,030	$ 120,252
Investment expenses	6,452	7,088	20,164	23,146
Net investment income before provision for certificate reserves and income taxes	19,968	29,032	67,866	97,106
Net provision for certificate reserves	7,557	11,343	24,014	42,072
Net investment income before income taxes	12,411	17,689	43,852	55,034
Income tax expense	4,769	6,468	16,672	20,221
Net investment income	7,642	11,221	27,180	34,813
Net realized gain (loss) on investments	(1,469)	677	(257)	5,798
Income tax expense (benefit)	(514)	237	(90)	2,029
Net realized gain (loss) on investments, after-tax	(955)	440	(167)	3,769
Net income	6,687	11,661	27,013	38,582
Net realized gain (loss) on investments:				
Net realized gain on investments before impairment losses on securities	701	710	3,107	8,401
Total other-than-temporary impairment losses on securities	(10,595)		(16,087)	(4,662)
Portion of loss recognized in other comprehensive income	8,425	(33)	12,723	2,059
Net impairment losses recognized in net realized gain (loss) on investments	(2,170)	(33)	(3,364)	(2,603)
Total net realized gain (loss) on investments	$ (1,469)	$ 677	$ (257)	$ 5,798

Contingencies	9 Months Ended Sep. 30, 2011
Contingencies	
Contingencies	**7. Contingencies** ACC is not aware that it is a party to any pending legal, arbitration, or regulatory proceeding that is likely to have a material adverse effect on its consolidated financial condition, results of operations or liquidity. Notwithstanding the foregoing, it is possible that the outcome of any current or future legal, arbitration or regulatory proceeding could have a material adverse effect on the consolidated results of operations in any particular reporting period as the proceedings are resolved.

Investments

9 Months Ended Sep. 30, 2011

Investments

Investments

3. Investments

Investments in unaffiliated issuers were as follows (in thousands):

	September 30, 2011	December 31, 2010
Available-for-Sale:		
Fixed maturities, at fair value (amortized cost: 2011, $2,681,285; 2010, $2,909,769)	$ 2,615,716	$ 2,875,693
Common stocks, at fair value (cost: 2011, $1,462; 2010, $1,376)	2,047	2,413
Syndicated loans and commercial mortgage loans, at cost, net of allowance for loan losses (fair value: 2011, $174,987; 2010, $206,882)	171,060	199,040
Certificate loans − secured by certificate reserves, at cost, which approximates fair value	2,774	3,299
Real estate owned, at fair value less costs to sell	1,749	5,117
Total	$ 2,793,346	$ 3,085,562

Available-for-Sale securities distributed by type were as follows:

	September 30, 2011				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI (1)
	(in thousands)				
Residential mortgage backed securities	$1,438,287	$ 21,959	$(109,405)	$1,350,841	$ (44,212)
Corporate debt securities	467,486	7,491	(1,911)	473,066	1
Commercial mortgage backed securities	462,831	7,264	(982)	469,113	−
Asset backed securities	310,047	12,747	(2,867)	319,927	(1,459)
U.S. government and agencies obligations	2,634	135	−	2,769	−
Common stocks	1,462	821	(236)	2,047	−
Total	$2,682,747	$ 50,417	$(115,401)	$2,617,763	$ (45,670)

	December 31, 2010				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI (1)
	(in thousands)				
Residential mortgage backed securities	$1,472,410	$ 30,242	$ (95,638)	$1,407,014	$ (38,323)
Corporate debt securities	583,341	8,923	(1,285)	590,979	2
Commercial mortgage backed securities	499,243	10,121	(1,773)	507,591	−
Asset backed securities	326,344	17,117	(1,939)	341,522	(915)
U.S. government and agencies obligations	28,431	156	−	28,587	−
Common stocks	1,376	1,056	(19)	2,413	−
Total	$2,911,145	$ 67,615	$(100,654)	$2,878,106	$ (39,236)

(1) Represents the amount of other-than-temporary impairment ("OTTI") losses in accumulated other comprehensive loss. Amount includes unrealized gains and losses on impaired securities subsequent to the initial impairment measurement date. These amounts are included in gross unrealized gains and losses as of the end of the period.

At September 30, 2011 and December 31, 2010, fixed maturity securities comprised approximately 90% and 88%, respectively, of ACC' s total investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations ("NRSROs"), including Moody' s Investors Service ("Moody' s"), Standard & Poor' s Ratings Services ("S&P"), and Fitch Ratings Ltd. ("Fitch"). ACC uses the median of available ratings from Moody' s, S&P and Fitch, or if fewer than three ratings are available, the lower rating is used. When ratings from Moody' s, S&P and Fitch are unavailable, ACC may utilize ratings from other NRSROs or rate the securities internally. At September 30, 2011 and December 31, 2010, approximately $5.2 million and $10.0 million, respectively, of securities were internally rated by Columbia Management Investment Advisers, LLC using criteria similar to those used by NRSROs. A summary of fixed maturity securities by rating was as follows:

	September 30, 2011			December 31, 2010		
Ratings	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in thousands, except percentages)					
AAA	$1,507,586	$1,533,620	59%	$1,799,754	$1,847,326	64%
AA	167,819	166,968	6	96,952	97,590	3
A	238,692	238,746	9	180,916	180,343	6
BBB	457,871	454,413	17	503,115	500,529	18
Below investment grade	309,317	221,969	9	329,032	249,905	9
Total fixed maturities	$2,681,285	$2,615,716	100%	$2,909,769	$2,875,693	100%

At September 30, 2011 and December 31, 2010, approximately 33% and 31%, respectively, of the securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities.

The following tables provide information about Available-for-Sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position:

	September 30, 2011								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in thousands, except number of securities)								
Residential mortgage backed securities	43	$451,300	$ (13,848)	72	$258,159	$ (95,557)	115	$ 709,459	$ (109,405)
Corporate debt securities	27	117,760	(1,529)	2	1,653	(382)	29	119,413	(1,911)
Commercial mortgage backed securities	18	133,105	(878)	3	18,609	(104)	21	151,714	(982)
Asset backed securities	15	59,831	(2,216)	8	14,631	(651)	23	74,462	(2,867)
Common stocks	2	729	(236)	–	–	–	2	729	(236)
Total	105	$762,725	$ (18,707)	85	$293,052	$ (96,694)	190	$1,055,777	$ (115,401)

	December 31, 2010								
	Less than 12 months			12 months or more			Total		

Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
				(in thousands, except number of securities)					
Residential mortgage backed securities	20	$227,367	$ (1,860)	73	$282,836	$ (93,778)	93	$510,203	$ (95,638)
Corporate debt securities	7	64,667	(1,230)	2	3,471	(55)	9	68,138	(1,285)
Commercial mortgage backed securities	16	150,294	(1,773)	–	–	–	16	150,294	(1,773)
Asset backed securities	11	70,519	(1,402)	5	9,245	(537)	16	79,764	(1,939)
Common stocks	2	947	(19)	–	–	–	2	947	(19)
Total	56	$513,794	$ (6,284)	80	$295,552	$ (94,370)	136	$809,346	$ (100,654)

As part of ACC' s ongoing monitoring process, management determined that a majority of the gross unrealized losses on its Available-for-Sale securities are attributable to movement in credit spreads.

The following table presents a rollforward of the cumulative amounts recognized in the Consolidated Statements of Operations for other-than-temporary impairments related to credit losses on securities for which a portion of the securities' total other-than-temporary impairments was recognized in other comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in millions)			
Beginning balance	$ 61,049	$ 59,800	$ 59,855	$ 57,446
Credit losses for which an other-than-temporary impairment was not previously recognized	1,001	–	1,640	556
Credit losses for which an other-than-temporary impairment was previously recognized	1,169	33	1,724	1,831
Ending balance	$ 63,219	$ 59,833	$ 63,219	$ 59,833

The change in net unrealized securities gains (losses) in other comprehensive income includes two components, net of tax: (i) unrealized gains (losses) that arose from changes in the market value of securities that were held during the period and (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit other-than-temporary impairment losses to credit losses.

The following table presents a rollforward of the net unrealized securities gains (losses) on Available-for-Sale securities included in accumulated other comprehensive loss:

	Net Unrealized Investment Gains (Losses)	Deferred Income Tax	Accumulated Other Comprehensive Loss Related to Net Unrealized Investment Gains (Losses)
	(in thousands)		
Balance at January 1, 2010	$ (73,860)	$ 25,952	$ (47,908)
Net unrealized securities gains arising during the period [2]	58,059	(20,399)	37,660
Reclassification of gains included in net income	(1,674)	586	(1,088)
Balance at September 30, 2010	$ (17,475)	$ 6,139	$ (11,336)[1]

Balance at January 1, 2011	$ (33,039)	$ 12,020	$ (21,019)
Net unrealized securities losses arising during the period [2]	(33,128)	12,009	(21,119)
Reclassification of losses included in net income	1,183	(414)	769
Balance at September 30, 2011	$ (64,984)	$ 23,615	$ (41,369)[1]

[1] Includes $(29.7) million and $(28.3) million of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities at September 30, 2011 and 2010, respectively.

[2] Includes other-than-temporary impairment losses on Available-for-Sale securities related to factors other than credit that were recognized in other comprehensive income during the period.

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in earnings were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands)		(in thousands)	
Gross realized gains from sales	$ 217	$ 993	$ 2,193	$ 4,514
Gross realized losses from sales	–	(108)	(12)	(237)
Other-than-temporary impairments	(2,170)	(33)	(3,364)	(2,603)

Other-than-temporary impairments for the three months and nine months ended September 30, 2011 and 2010 primarily related to credit losses on non-agency residential mortgage backed securities.

Available-for-Sale securities by contractual maturity at September 30, 2011 were as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Due within one year	$ 69,418	$ 70,081
Due after one year through five years	400,174	405,151
Due after five years through 10 years	313	330
Due after 10 years	215	273
	470,120	475,835
Residential mortgage backed securities	1,438,287	1,350,841
Commercial mortgage backed securities	462,831	469,113
Asset backed securities	310,047	319,927
Common stocks	1,462	2,047
Total	$ 2,682,747	$ 2,617,763

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities, as well as common stocks, were not included in the maturities distribution.

Document and Entity Information	9 Months Ended Sep. 30, 2011	Nov. 07, 2011
Document and Entity Information		
Entity Registrant Name	AMERIPRISE CERTIFICATE CO	
Entity Central Index Key	0000052428	
Document Type	10-Q	
Document Period End Date	Sep. 30, 2011	
Amendment Flag	false	
Current Fiscal Year End Date	--12-31	
Entity Current Reporting Status	Yes	
Entity Filer Category	Non-accelerated Filer	
Entity Common Stock, Shares Outstanding		150,000
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	

Income Taxes

Income Taxes

Income Taxes

9 Months Ended
Sep. 30, 2011

8. Income Taxes

The effective tax rate was 38.9% and 38.0% for the three months and nine months ended September 30, 2011, respectively, compared to 36.5% and 36.6% for the three months and nine months ended September 30, 2010, respectively.

ACC is required to establish a valuation allowance for any portion of the deferred income tax assets that management believes will not be realized. Included in deferred income tax assets are a significant deferred tax asset relating to capital losses that have been recognized for financial statement purposes but not yet for tax return purposes and future deductible capital losses realized for tax return purposes. Under current U.S. federal income tax law, capital losses generally must be used against capital gain income within five years of the year in which the capital losses are recognized for tax purposes. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business including the ability to generate capital gains. Consideration is given to, among other things in making this determination, (i) future taxable income exclusive of reversing temporary differences and carryforwards, (ii) future reversals of existing taxable temporary differences, (iii) taxable income in prior carryback years, and (iv) tax planning strategies. Based on analysis of ACC’ s tax position, management believes it is more likely than not that the results of future operations and implementation of tax planning strategies will generate sufficient taxable income to enable the Company to utilize all of its deferred tax assets. Accordingly, no valuation allowance for deferred tax assets has been established as of September 30, 2011 and December 31, 2010.

As of September 30, 2011 and December 31, 2010, ACC had $2 million and nil, respectively, of gross unrecognized tax benefits. If recognized, it is unlikely that there would be any effect on the effective tax rate, net of federal tax benefits, of the unrecognized tax benefits as of September 30, 2011 and December 31, 2010.

ACC recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. ACC recognized nil and $1 million in interest and penalties for the three months and nine months ended September 30, 2011, respectively, and nil and $0.3 million in interest and penalties for the three months and nine months ended September 30, 2010, respectively. ACC had $1 million and nil accrued for the payment of interest and penalties at September 30, 2011 and December 31, 2010, respectively.

It is reasonably possible that the total amounts of unrecognized tax benefits will change in the next 12 months. Based on the current audit position of ACC, it is estimated that the total amount of gross unrecognized tax benefits may decrease by $2 million in the next 12 months.

ACC files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, ACC is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 1997. The Internal Revenue Service (“IRS”), completed its field examination of ACC’ s U.S. income tax returns for 2005 through 2007 during the third and fourth quarters of 2010. The IRS had previously completed its field examination of the 1997 through 2004 tax returns in recent years as part of the overall examination of the American Express Company consolidated returns. However, for federal income tax purposes these years continue to remain open as a consequence of certain issues under appeal. In the fourth quarter of 2010, the IRS commenced an examination of ACC’ s U.S. income tax returns for 2008 and 2009. ACC’ s or its subsidiary’ s state income tax returns are currently under examination by various jurisdictions for years ranging from 1998 through 2008.

Basis of Presentation	9 Months Ended Sep. 30, 2011
Basis of Presentation	
Basis of Presentation	

1. Basis of Presentation

Ameriprise Certificate Company ("ACC" or the "Company"), is a wholly owned subsidiary of Ameriprise Financial, Inc. ("Ameriprise Financial"). The accompanying Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). ACC uses the consolidation method of accounting for its wholly owned subsidiary, Investors Syndicate Development Corp. The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for a fair presentation of the results of operations and financial position for the interim periods have been made. Except for the adjustment described below, all adjustments made were of a normal recurring nature. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Financial Statements and Notes should be read in conjunction with the Financial Statements and Notes in the Annual Report on Form 10-K of ACC for the year ended December 31, 2010, filed with the Securities and Exchange Commission ("SEC") on February 23, 2011.

In the nine months ended September 30, 2011, ACC made an adjustment for additional bond discount amortization investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities, which resulted in a $3.9 million pretax benefit ($2.5 million after-tax). Management has determined that the effect of this adjustment is immaterial to all current and prior periods presented.

ACC evaluated events or transactions that occurred after the consolidated balance sheet date for potential recognition or disclosure through the date the consolidated financial statements were issued.

Financing Receivables

Financing Receivables	9 Months Ended Sep. 30, 2011

Financing Receivables

Financing Receivables

4. Financing Receivables

ACC' s financing receivables include commercial mortgage loans, syndicated loans and certificate loans. Certificate loans do not exceed the cash surrender value of the certificate at origination. As there is minimal risk of loss related to certificate loans, ACC does not record an allowance for loan losses for certificate loans. ACC does not hold any loans acquired with deteriorated credit quality.

The following tables present a rollforward of the allowance for loan losses for the nine months ended and the ending balance of the allowance for loan losses by impairment method and type of loan:

	September 30, 2011		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Beginning balance	$ 2,576	$ 5,281	$ 7,857
Charge-offs	−	(177)	(177)
Provisions	−	(941)	(941)
Ending balance	$ 2,576	$ 4,163	$ 6,739
Individually evaluated for impairment	$ 1,000	$ 669	$ 1,669
Collectively evaluated for impairment	1,576	3,494	5,070

	September 30, 2010		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Beginning balance	$ 1,497	$ 14,104	$ 15,601
Charge-offs	−	(1,465)	(1,465)
Provisions	1,579	(6,235)	(4,656)
Ending balance	$ 3,076	$ 6,404	$ 9,480
Individually evaluated for impairment	$ 500	$ 669	$ 1,169
Collectively evaluated for impairment	2,576	5,735	8,311

The recorded investment in financing receivables by impairment method and type of loan was as follows:

	September 30, 2011		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	
Individually evaluated for impairment	$ 4,173	$ 3,399	$ 7,572
Collectively evaluated for impairment	110,930	59,297	170,227
Total	$ 115,103	$ 62,696	$ 177,799

	December 31, 2010		
	Commercial Mortgage Loans	Syndicated Loans	Total
		(in thousands)	

Individually evaluated for impairment	$ –	$ 5,609	$ 5,609
Collectively evaluated for impairment	109,641	91,647	201,288
Total	$ 109,641	$ 97,256	$ 206,897

As of September 30, 2011 and December 31, 2010, ACC' s recorded investment in financing receivables individually evaluated for impairment for which there was no related allowance for loan losses was $2.3 million and $3.7 million, respectively. Unearned income, unamortized premiums and discounts, and net unamortized deferred fees and costs are not material to ACC' s total loan balance. During the three months and nine months ended September 30, 2011, ACC sold nil and $0.1 million, respectively, of syndicated loans. During the three months and nine months ended September 30, 2010, ACC sold $16.7 and $37.8 million, respectively, of syndicated loans. There were no significant purchases of financing receivables during the three months and nine months ended September 30, 2011 and 2010.

Credit Quality Information

Nonperforming loans, which are generally loans 90 days or more past due, were $2.8 million and $1.9 million as of September 30, 2011 and December 31, 2010, respectively. All other loans were considered to be performing.

Commercial Mortgage Loans

ACC reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Based on this review the commercial mortgage loans are assigned an internal risk rating, which management updates as necessary. Commercial mortgage loans which management has assigned its highest risk rating were 3.6% and nil of commercial mortgage loans as of September 30, 2011 and December 31, 2010, respectively. Loans with the highest risk rating represent distressed loans which ACC has identified as impaired or expects to become delinquent or enter into foreclosure in the next six months. In addition, ACC reviews the concentrations of credit risk by region and property type.

Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
	(in thousands)			
East North Central	$ 1,727	$ 1,737	2%	2%
Middle Atlantic	3,254	3,365	3	3
Mountain	12,049	14,762	10	13
New England	11,127	8,843	10	8
Pacific	26,359	11,447	23	10
South Atlantic	30,448	34,591	26	32
West North Central	20,040	19,616	17	18
West South Central	10,099	15,280	9	14
	115,103	109,641	100%	100%
Less: allowance for loan losses	2,576	2,576		
Total	$ 112,527	$ 107,065		

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans		Percentage	
	September 30, 2011	December 31, 2010	September 30, 2011	December 31, 2010
	(in thousands)			
Apartments	$ 31,635	$ 25,258	27%	23%

Industrial	21,330	18,990	19	17
Office	20,074	21,879	17	20
Retail	20,864	23,211	18	21
Other	21,200	20,303	19	19
	115,103	109,641	100%	100%
Less: allowance for loan losses	2,576	2,576		
Total	$ 112,527	$ 107,065		

Syndicated Loans

ACC' s syndicated loan portfolio is diversified across industries and issuers. The primary credit indicator for syndicated loans is whether the loans are performing in accordance with the contractual terms of the syndication. Total nonperforming syndicated loans at September 30, 2011 and December 31, 2010 were $1.1 million and $1.9 million, respectively, which represent 2% of total syndicated loans at both September 30, 2011 and December 31, 2010.

Troubled Debt Restructurings

A loan is classified as a restructured loan when ACC makes certain concessionary modifications to contractual terms for borrowers experiencing financial difficulty. When the interest rate, minimum payments, and/or due dates have been modified in an attempt to make the loan more affordable to the borrower, the modification is considered a troubled debt restructuring. Generally, performance prior to the restructuring or significant events that coincide with the restructuring are considered in assessing whether the borrower can meet the new terms which may result in the loan being returned to accrual status at the time of the restructure or after a performance period. If the borrower' s ability to meet the revised payment schedule is not reasonably assured, the loan remains on nonaccrual status. There are no commitments to lend additional funds to borrowers whose loans have been restructured. ACC did not restructure any loans for the three months ended September 30, 2011 and restructured 2 loans with a recorded investment of $239 thousand for the nine months ended September 30, 2011. The troubled debt restructurings did not have a material impact to ACC' s allowance for loan losses or income recognized for both the three months and nine months ended September 30, 2011.

Fair Values of Assets and Liabilities	9 Months Ended Sep. 30, 2011

Fair Values of Assets and Liabilities

Fair Values of Assets and Liabilities

5. Fair Values of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

ACC categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by ACC' s valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Determination of Fair Value

ACC uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. ACC' s market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. ACC' s income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, ACC maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of 90 days or less. ACC' s cash equivalents are classified as Level 2 and are measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments in Unaffiliated Issuers (Available-for-Sale Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from nationally-recognized pricing services, broker quotes, or other model-based valuation techniques. Level 1 securities primarily include U.S. Treasuries and common stocks. Level 2 securities include agency mortgage backed securities, commercial mortgage backed securities, asset backed securities, municipal and corporate bonds, U.S. agency securities and common stock. The fair value of these Level 2 securities is based on a market approach with prices obtained from nationally-recognized pricing services. Observable inputs used to value these securities can include: reported trades, benchmark yields, issuer spreads and broker/dealer quotes. Level 3 securities primarily include asset backed securities, commercial mortgage backed securities, corporate bonds, non-agency residential mortgage backed securities and common stocks. The fair value of these Level 3 securities is typically based on a single broker quote, except for the valuation of non-agency residential mortgage backed securities. ACC uses prices from nationally-recognized pricing services to determine the fair value of non-agency residential mortgage backed securities; however, ACC classifies these securities as Level 3 because ACC believes the market for these securities is inactive and their valuation includes significant unobservable inputs.

Derivatives (Equity Derivatives, Purchased and Written)

The fair values of derivatives that are traded in less active over-the-counter markets are generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy.

Certificate Reserves

ACC uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates. The inputs to these calculations are primarily market observable and include interest rates, volatilities, and equity index levels. As a result, these measurements are classified as Level 2.

The following tables present the balances of assets and liabilities measured at fair value on a recurring basis:

	September 30, 2011			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets				
Cash equivalents	$ –	$ 110,697	$ –	$ 110,697
Available-for-Sale securities:				
Residential mortgage backed securities	–	431,446	919,395	1,350,841
Corporate debt securities	–	469,834	3,232	473,066
Commercial mortgage backed securities	–	469,113	–	469,113
Asset backed securities	–	227,345	92,582	319,927
U.S. government and agencies obligations	456	2,313	–	2,769
Common stocks	444	1,238	365	2,047
Total Available-for-Sale securities	900	1,601,289	1,015,574	2,617,763
Equity derivatives, purchased	–	18,827	3	18,830
Total assets at fair value	$ 900	$ 1,730,813	$ 1,015,577	$ 2,747,290
Liabilities				
Certificate reserves	$ –	$ 3,771	$ –	$ 3,771
Equity derivatives, written	–	14,705	–	14,705
Total liabilities at fair value	$ –	$ 18,476	$ –	$ 18,476

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets				
Cash equivalents	$ –	$ 182,192	$ –	$ 182,192
Available-for-Sale securities:				
Residential mortgage backed securities	–	504,155	902,859	1,407,014
Corporate debt securities	–	583,443	7,536	590,979
Commercial mortgage backed securities	–	497,402	10,189	507,591
Asset backed securities	–	239,850	101,672	341,522

U.S. government and agencies obligations	414	28,173	−	28,587
Common stocks	570	1,499	344	2,413
Total Available-for-Sale securities	984	1,854,522	1,022,600	2,878,106
Equity derivatives, purchased	−	89,008	6	89,014
Total assets at fair value	$ 984	$ 2,125,722	$ 1,022,606	$ 3,149,312
Liabilities				
Certificate reserves	$ −	$ 13,692	$ −	$ 13,692
Equity derivatives, written	−	75,201	−	75,201
Total liabilities at fair value	$ −	$ 88,893	$ −	$ 88,893

The following tables provide a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis:

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
	(in thousands)						
Balance, July 1, 2011	$1,006,411	$ 3,516	$ −	$98,981	$ 298	$ 4	$1,109,210
Total gains (losses) included in:							
Net income	(1,142)[(1)]	−	−	482[(2)]	−	(1)[(2)]	(661)
Other comprehensive income	(21,302)	(45)	−	(1,500)	(19)	−	(22,866)
Purchases	16,661	−	−	−	−	−	16,661
Sales	−	−	−	−	−	−	−
Settlements	(81,233)	(239)	−	(9,389)	−	−	(90,861)
Transfers into Level 3	−	−	−	10,876	86	−	10,962
Transfers out of Level 3	−	−	−	(6,868)	−	−	(6,868)
Balance, September 30, 2011	$ 919,395	$ 3,232	$ −	$92,582	$ 365	$ 3	$1,015,577
Change in unrealized gains (losses) included in net income related to Level 3 assets held at September 30, 2011	$ (1,140)[(3)]	$ −	$ −	$ 482[(2)]	$ −	$ (1)[(2)]	$ (659)

(1) Represents a $(2,171) loss included in net realized gain (loss) on investments and $1,029 included in investment income in the Consolidated Statements of Operations.
(2) Included in investment income in the Consolidated Statements of Operations.
(3) Represents a $(2,171) loss included in net realized gain (loss) on investments and $1,031 included in investment income in the Consolidated Statements of Operations.

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
	(in thousands)						
Balance, July 1, 2010	$812,367	$ 7,982	$ −	$114,469	$ −	$ 4	$934,822

Total gains included in:							
Net income	718[1]	–	–	907[2]	–	–	1,625
Other comprehensive income	16,250	20	–	1,397	19	–	17,686
Purchases, sales, issues and settlements, net	14,285	(21)	–	(10,830)	–	–	3,434
Transfers into Level 3	–	–	–	–	230	–	230
Balance, September 30, 2010	$843,620	$ 7,981	$ –	$105,943	$ 249	$ 4	$957,797
Change in unrealized gains included in net income related to Level 3 assets held at September 30, 2010	$ 718[1]	$ –	$ –	$ 907[2]	$ –	$ –	$ 1,625

[1] Represents a $(33) loss included in net realized gain (loss) on investments and $751 included in investment income in the Consolidated Statements of Operations.
[2] Included in investment income in the Consolidated Statements of Operations.

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
				(in thousands)			
Balance, January 1, 2011	$902,859	$ 7,536	$ 10,189	$101,672	$ 344	$ 6	$1,022,606
Total gains (losses) included in:							
Net income	(93)[1]	–	(1)[2]	3,453[2]	–	(3)[2]	3,356
Other comprehensive income	(22,309)	(131)	204	(3,382)	16	–	(25,602)
Purchases	303,425	–	23,520	24,732	–	–	351,677
Sales	(74)	–	–	–	–	–	(74)
Settlements	(244,785)	(4,173)	–	(32,511)	–	–	(281,469)
Transfers into Level 3	–	–	–	5,486	91	–	5,577
Transfers out of Level 3	(19,628)	–	(33,912)	(6,868)	(86)	–	(60,494)
Balance, September 30, 2011	$919,395	$ 3,232	$ –	$ 92,582	$ 365	$ 3	$1,015,577
Change in unrealized gains (losses) included in net income related to Level 3 assets held at September 30, 2011	$ 229[3]	$ –	$ –	$ 3,453[2]	$ –	$ (3)[2]	$ 3,679

[1] Represents a $(3,365) loss included in net realized gain (loss) on investments and $3,272 included in investment income in the Consolidated Statements of Operations.
[2] Included in investment income in the Consolidated Statements of Operations.

(3) Represents a $(3,365) loss included in net realized gain (loss) on investments and $3,594 included in investment income in the Consolidated Statements of Operations.

	Available-for-Sale Securities						
	Residential Mortgage Backed Securities	Corporate Debt Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Derivatives	Total
				(in thousands)			
Balance, January 1, 2010	$745,633	$ 12,104	$ –	$130,584	$ –	$ –	$888,321
Total gains (losses) included in:							
Net income	1,006(1)	–	–	3,515(2)	–	4(3)	4,525
Other comprehensive income	48,789	(22)	–	8,005	19	–	56,791
Purchases, sales, issues and settlements, net	48,192	(4,101)	–	(36,161)	–	–	7,930
Transfers into Level 3	–	–	–	–	230	–	230
Balance, September 30, 2010	$843,620	$ 7,981	$ –	$105,943	$ 249	$ 4	$957,797
Change in unrealized gains included in net income related to Level 3 assets held at September 30, 2010	$ 923(4)	$ –	$ –	$ 3,515(2)	$ –	$ 4(3)	$ 4,442

(1) Represents a $(2,098) loss included in net realized gain (loss) on investments and a $3,104 gain included in investment income in the Consolidated Statements of Operations.
(2) Represents a $(289) loss included in net realized gain (loss) on investments and a $3,804 gain included in investment income in the Statements of Operations.
(3) Included in investment income in the Consolidated Statements of Operations.
(4) Represents a $(2,098) loss included in net realized gain (loss) on investments and a $3,021 gain in investment income in the Statements of Operations.

Securities transferred from Level 2 to Level 3 represent securities with fair values that are now based on a single broker quote. Securities transferred from Level 3 to Level 2 represent securities with fair values that are now obtained from a nationally-recognized pricing service with observable inputs.

ACC recognizes transfers between levels of the fair value hierarchy as of the beginning of the quarter in which each transfer occurred.

During the reporting periods, there were no material assets or liabilities measured at fair value on a nonrecurring basis.

The following table provides the carrying value and the estimated fair value of financial instruments that are not reported at fair value. All other financial instruments that are reported at fair value have been included above in the table with balances of assets and liabilities measured at fair value on a recurring basis.

	September 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
		(in thousands)		
Financial Assets				
Syndicated loans	$ 58,533	$ 56,292	$ 91,975	$ 93,518
Commercial mortgage loans	112,527	118,695	107,065	113,364
Certificate loans	2,774	2,774	3,299	3,299
Financial Liabilities				
Certificate reserves	$ 2,815,249	$ 2,790,881	$ 3,146,139	$ 3,128,694

The fair value of syndicated loans is obtained from a nationally-recognized pricing service.

The fair value of commercial mortgage loans, except those with significant credit deterioration, is determined by discounting contractual cash flows using discount rates that reflect current pricing for loans with similar remaining maturities and characteristics including loan-to-value ratio, occupancy rate, refinance risk, debt-service coverage, location, and property condition. For commercial mortgage loans with significant credit deterioration, fair value is determined using the same adjustments as above with an additional adjustment for ACC' s estimate of the amount recoverable on the loan.

The fair value of investment certificate reserves is determined by discounting cash flows using discount rates that reflect current pricing for assets with similar terms and characteristics, with adjustments for early withdrawal behavior, penalty fees, expense margin and ACC' s nonperformance risk specific to these liabilities.

Derivatives and Hedging Activities	9 Months Ended Sep. 30, 2011
[Derivatives and Hedging Activities](#)	
[Derivatives and Hedging Activities](#)	

6. Derivatives and Hedging Activities

Derivative instruments enable ACC to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity and interest rate indices or prices. ACC primarily enters into derivative agreements for risk management purposes related to ACC' s products.

ACC uses derivatives as economic hedges of equity and interest rate risk related to stock market certificates. ACC does not designate any derivatives for hedge accounting. The following table presents the balance sheet location and the gross fair value of derivative instruments, including embedded derivatives, by type of derivative and product:

Derivatives not designated as hedging instruments	Balance Sheet Location	Asset September 30, 2011	Asset December 31, 2010	Balance Sheet Location	Liability September 30, 2011	Liability December 31, 2010
		(in thousands)			(in thousands)	
Equity						
Stock market certificates	Equity derivatives, purchased	$ 18,380	$ 88,590	Equity derivatives, written	$ 14,705	$ 75,201
Equity warrants	Equity derivatives, purchased	450	424	N/A	–	–
Stock market certificates embedded derivatives	N/A	–	–	Certificate reserves	3,771	13,692
Total		$ 18,830	$ 89,014		$ 18,476	$ 88,893

N/A Not applicable.

See Note 5 for additional information regarding ACC' s fair value measurement of derivative instruments.

The following tables present a summary of the impact of derivatives not designated as hedging instruments on the Consolidated Statements of Operations:

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income: Three Months Ended September 30, 2011	Amount of Gain (Loss) on Derivatives Recognized in Income: Nine Months Ended September 30, 2011
		(in thousands)	
Equity			
Stock market certificates	Net provision for certificate reserves	$ (4,393)	$ (1,440)
Equity warrants	Investment income	(26)	26
Stock market certificates	Net provision for certificate reserves	4,640	2,079

embedded derivatives			
Total		$ 221	$ 665

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income	
		Three Months Ended September 30, 2010	Nine Months Ended September 30, 2010
		(in thousands)	
Equity			
Stock market certificates	Net provision for certificate reserves	$ 6,261	$ 4,219
Equity warrants	Investment income	(65)	328
Stock market certificates embedded derivatives	Net provision for certificate reserves	(5,850)	(4,036)
Total		$ 346	$ 511

Ameriprise Stock Market Certificates ("SMC") offer a return based upon the relative change in a major stock market index between the beginning and end of the SMC' s term. The SMC product contains an embedded derivative. The equity based return of the certificate must be separated from the host contract and accounted for as a derivative instrument. As a result of fluctuations in equity markets, and the corresponding changes in value of the embedded derivative, the amount of expenses incurred by ACC related to the SMC product will positively or negatively impact reported earnings. As a means of hedging its obligations under the provisions for these certificates, ACC purchases and writes call options on the S&P 500 Index. ACC views this strategy as a prudent management of equity market sensitivity, such that earnings are not exposed to undue risk presented by changes in equity market levels. The gross notional amount of these derivative contracts was $1.3 billion and $1.4 billion at September 30, 2011 and December 31, 2010, respectively. ACC also purchases futures on the S&P 500 Index to economically hedge its obligations. The futures are marked-to-market daily and exchange traded, exposing ACC to no counterparty risk. The gross notional amount of these derivative contracts was $0.3 million at both September 30, 2011 and December 31, 2010.

Equity warrants were received as part of a syndicated loan restructure and do not constitute a hedge of underlying assets or liabilities.

Credit Risk

Credit risk associated with ACC' s derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, ACC has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting arrangements and collateral arrangements whenever practical. As of September 30, 2011 and December 31, 2010, ACC held $1.5 million and $4.6 million, respectively, in cash and recorded a corresponding liability in other liabilities for collateral ACC is obligated to return to counterparties. As of September 30, 2011 and December 31, 2010, ACC' s maximum credit exposure related to derivative assets after considering netting arrangements with counterparties and collateral arrangements was approximately $2.3 million and $8.9 million, respectively.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY (USD $) In Thousands, except Share data	Total	Common Shares	Additional Paid-In Capital	Appropriated for Additional Interest on Advance Payments	Unappropriated	Accumulated Other Comprehensive Loss, Net of Tax	Comprehensive Income
Balance at Dec. 31, 2009	$ 245,198	$ 1,500	$ 297,964	$ 15	$ (6,373)	$ (47,908)	
Balance (in shares) at Dec. 31, 2009		150,000					
Comprehensive income:							
Net income	38,582				38,582		38,582
Other comprehensive income (loss), net of tax:							
Change in net unrealized securities losses	33,328					33,328	33,328
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities	3,244					3,244	3,244
Total comprehensive income	75,154						75,154
Dividend/return of capital to parent	(145,000)		(112,791)		(32,209)		
Balance at Sep. 30, 2010	175,352	1,500	185,173	15		(11,336)	
Balance (in shares) at Sep. 30, 2010		150,000					
Balance at Dec. 31, 2010	162,494	1,500	181,998	15		(21,019)	
Balance (in shares) at Dec. 31, 2010		150,000					
Comprehensive income:							
Net income	27,013				27,013		27,013
Other comprehensive income (loss), net of tax:							
Change in net unrealized securities losses	(16,168)					(16,168)	(16,168)
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities	(4,182)					(4,182)	(4,182)
Total comprehensive income	6,663						6,663
Dividend/return of capital to parent	(47,000)		(19,987)		(27,013)		
Balance at Sep. 30, 2011	$ 122,157	$ 1,500	$ 162,011	$ 15		$ (41,369)	
Balance (in shares) at Sep. 30, 2011		150,000					

Recent Accounting Pronouncements	9 Months Ended Sep. 30, 2011
Recent Accounting Pronouncements	
Recent Accounting Pronouncements	

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Receivables

In April 2011, the Financial Accounting Standards Board ("FASB") updated the accounting standards for troubled debt restructurings. The new standard includes indicators that a lender should consider in determining whether a borrower is experiencing financial difficulties and provides clarification for determining whether the lender has granted a concession to the borrower. The standard sets the effective dates for troubled debt restructuring disclosures required by recent guidance on credit quality disclosures. The standard is effective for interim and annual periods beginning on or after June 15, 2011, and is to be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption. For purposes of measuring impairments of receivables that are considered impaired as a result of applying the new guidance, the standard should be applied prospectively for the interim or annual period beginning on or after June 15, 2011. ACC adopted the standard in the third quarter of 2011. The adoption did not have any effect on ACC' s consolidated results of operations and financial condition. See Note 4 for required disclosures.

Fair Value

In January 2010, the FASB updated the accounting standards related to disclosures on fair value measurements. The standard expands the current disclosure requirements to include additional detail about significant transfers between Levels 1 and 2 within the fair value hierarchy and presents activity in the rollforward of Level 3 activity on a gross basis. The standard also clarifies existing disclosure requirements related to the level of disaggregation to be used for assets and liabilities as well as disclosures on the inputs and valuation techniques used to measure fair value. The standard is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements related to the Level 3 rollforward, which are effective for interim and annual periods beginning after December 15, 2010. ACC adopted the standard in the first quarter of 2010, except for the additional disclosures related to the Level 3 rollforward, which ACC adopted in the first quarter of 2011. The adoption did not have any effect on ACC' s consolidated results of operations and financial condition. See Note 5 for the required disclosures.

Future Adoption of New Accounting Standards

Comprehensive Income

In June 2011, the FASB updated the accounting standards related to the presentation of comprehensive income. The standard requires entities to present all nonowner changes in stockholder' s equity either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The standard is effective for interim and annual periods beginning after December 15, 2011. The standard is to be applied retrospectively. The adoption of the standard will not impact ACC' s consolidated results of operations and financial condition.

Fair Value

In May 2011, the FASB updated the accounting standards related to fair value measurement and disclosure requirements. The standard requires entities, for assets and liabilities measured at fair value in the statement of financial position which are Level 3 fair value measurements, to disclose quantitative information about unobservable inputs and assumptions used in the measurements, a description of the valuation processes in place, and a qualitative discussion about the sensitivity of the measurements to changes in unobservable inputs and interrelationships between those inputs if a change in those inputs would result in a significantly different fair value measurement. In addition, the standard requires disclosure of fair value by level within the fair value hierarchy for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed. The standard is effective for interim and annual periods beginning on or after December 15, 2011. The adoption of the standard is not expected to have a material impact on ACC' s consolidated results of operations and financial condition.

CONSOLIDATED BALANCE SHEETS (USD $) In Thousands	Sep. 30, 2011	Dec. 31, 2010
Qualified Assets		
Cash equivalents	$ 110,697	$ 182,192
Investments in unaffiliated issuers	2,793,346	3,085,562
Receivables	13,496	20,967
Equity derivatives, purchased	18,830	89,014
Total qualified assets	2,936,369	3,377,735
Deferred taxes, net	53,205	45,367
Total assets	2,989,574	3,423,102
Liabilities		
Certificate reserves	2,819,020	3,159,831
Current taxes payable to parent	5,698	7,667
Payable for investment securities purchased	19,805	
Equity derivatives, written	14,705	75,201
Accounts payable, accrued liabilities and other liabilities	8,189	17,909
Total liabilities	2,867,417	3,260,608
Shareholder's Equity		
Common shares ($10 par value, 150,000 shares authorized and issued)	1,500	1,500
Additional paid-in capital	162,011	181,998
Retained earnings	15	15
Accumulated other comprehensive loss, net of tax	(41,369)	(21,019)
Total shareholder's equity	122,157	162,494
Total liabilities and shareholder's equity	$ 2,989,574	$ 3,423,102