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WTW.OQ - Q3 2025 Willis Towers Watson PLC Earnings Call

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OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Carl Hess *Willis Towers Watson PLC - Chief Executive Officer*

Andrew Jay Krasner *Willis Towers Watson PLC - Chief Financial Officer*

Lucy Clarke *Willis Towers Watson PLC - President - Risk & Broking*

Julie Gebauer *Willis Towers Watson PLC - President – Health, Wealth & Career*

CONFERENCE CALL PARTICIPANTS

Gregory Peters *Raymond James - Analyst*

Elyse Greenspan *Wells Fargo Securities LLC - Analyst*

Robert Cox *Goldman Sachs Group Inc - Analyst*

Michael Zaremski *BMO Capital Markets - Analyst*

Paul Newsome *Piper Sandler & Co. - Analyst*

David Motemaden *Evercore ISI - Analyst*

Mark Hughes *Truist Securities Inc - Analyst*

Ryan Tunis *Cantor Fitzgerald LP - Research Analyst*

Mark Marcon *Robert W. Baird & Co Inc - Analyst*

Meyer Shields *Keefe Bruyette & Woods Inc - Analyst*

PRESENTATION

Operator

Good morning, and welcome to the WTW third quarter 2025 earnings call. Please refer to the wtwco.com for the press release and supplemental information that was issued earlier today. Today's call is being recorded and will be available for the next three months on WTW's website.

Some of the comments in today's call may constitute forward-looking statements within the meaning of the Private Securities Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties.

Actual results may differ materially from those discussed today, and the company undertakes no obligation to update these statements unless required by law. For a more detailed discussion of and other risk factors, investors should review the forward-looking statements section of the earnings press release issued this morning as well as in the most recent Form 10-K and other subsequent WTW securities filings -- SEC filings.

During the call, certain non-GAAP financial measures may be discussed to provide direct comparability with period -- prior periods all complement regarding the company's revenue growth results will be on a non-GAAP organic basis, unless specifically stated otherwise.

For reconciliations of the non-GAAP measures as well as other information regarding these measures please refer to the most recent earnings release and other materials in the Investor Relations section of the company's website.

I'll now turn the call over to Carl Hess, WTW Executive Officer. Please go ahead, sir. Carl Hess, you may begin.

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Good morning, everyone, and thank you for joining us for WTW's third quarter 2025 earnings call. Joining me today is Andrew Krasner, our Chief Financial Officer; Julie Gebauer, our President of Health, Wealth & Career; and Lucy Clarke, our President of Risk & Broking, are also joining us for our Q&A session.

We delivered another quarter of solid results, driven by consistent and strong execution of our strategy. In the third quarter, we generated 5% organic growth, 230 basis points of adjusted operating margin expansion and adjusted EPS of $3.07, up 11% year-over-year.

We've sustained our momentum in the market and remain on track to deliver our full year financial objectives. I want to thank all my WTW colleagues for their hard work and dedication to achieving our strategic and financial goals.

As these results show, the strategy we laid out nearly one year ago to accelerate performance, enhance efficiency and optimize our portfolio continues to drive value for all our stakeholders despite the volatile macroeconomic environment.

Against that backdrop, I'd like to provide some observations on current market conditions. Concerns about global trade, inflation and geopolitical conditions remain, creating both opportunities and challenges. On one hand, some clients are looking for support to manage the related people and risk issues, and on the other, some companies are continuing to limit discretionary spending.

We continue to monitor relevant economic indicators such as employment levels, which may affect our business prospects over the short term. In addition, we're facing headwinds from declining rates in certain segments of the commercial insurance market across various geographies.

In the face of this dynamic environment, our businesses continue to be resilient as we remain intensely focused on providing relevant services that deliver value to our clients. Health, Wealth & Career delivered steady 4% organic growth or 5% when excluding book of business settlement activity and interest income with strong margin expansion. These results reflect our diversified and recurring revenue base and disciplined cost management.

Like last quarter, we saw robust demand for our solutions that help clients manage their health care costs, derisk their defined benefit pension plans and adapt to new legislative and regulatory requirements such as the EU pay transparency directive. We also experienced an increase in M&A due diligence and integration work as well as in workforce management support. Our suite of technology tools continues to be a prominent factor in our success.

For example, our talent flow analysis utilizes web crawling and data mining to identify clients' real competition for talent, which is essential for meaningful benchmarking. And our Health and Benefit Scout tool informs health plan design through an in-depth evaluation of health care access, quality and cost based on a client's workforce location, demographics, claim experience and more. Through predictive analytics, we help forecast benefits cost and attrition risks, identify skills gap and detect pay equity issues. We're also using AI tools to improve the employee experience.

In Risk & Broking, we generated 6% organic growth in the quarter and expanded adjusted operating margins by 70 basis points. This marks the 11th consecutive quarter that our Corporate Risk & Broking business recorded high single-digit growth, excluding the impacts of book of business activity and interest income. I'm pleased with the strong returns on our investments in talent and innovation, and we continue to look for opportunities to invest further.

In particular, our investments in digital tools, AI and automation have helped R&B capture growth opportunities and create efficiencies. As declining rates continue to pressure certain areas of the market, the impact of these investments has been increasingly valuable in driving meaningful efficiency gains and advancing our progress on delivering 100 basis points of annual average adjusted operating margin expansion in R&D over the medium term.

We continue to launch a steady cadence of new tools and products that support our growth and margin objectives. For example, we recently launched the newest version of Radar, an end-to-end rating and analytics software widely used by insurers.

Radar 5 brings advanced capabilities, including GenAI techniques, to provide greater speed and agility for pricing, portfolio management, claims and underwriting, enabling insurers to unlock smarter data-driven decision-making at scale.

We also launched Gemini, our global digital placement facility in the quarter. This innovative solution provides efficient access to additional insurance capacity, addresses the increasing complexity of risk and market volatility, offers competitive pricing declines at a guaranteed discount and is backed by A+ rated void syndicates.

Now I'll turn to some of our new business wins in the quarter. In Health, Wealth & Career are customer-centric solutions, differentiated technology and focus on making smart connections continue to drive growth across all our businesses.

In a notable example, we unseated the long-time incumbent providing global actuarial work for our Fortune 250 engineering company, not only because of consistent actuarial expertise and tools across our global network, but also because of the innovative ideas we brought them to better manage pension risks around the world and to address retirement readiness for their workforce.

In a win featuring smart connections across HWC we were selected to support the planned spin-off of a global Fortune 50 company with overall program management, communication and change management and the implementation and administration of a new US health plan. We won this business, which encompasses 40,000 employees after building a strong reputation as a trusted partner to the parent organization.

Another innovative HWC win involves the extension of our Embark Employee Experience portal to potential new hires of a health system to showcase their total rewards and culture with the aim of boosting new higher acceptance rates.

In Risk and Broking, our specialization strategy and our ability to offer differentiated value through our technical expertise, global collaboration and client-centric solutions continue to be key factors in bringing in new business.

For example, in CRB, despite a challenging risk environment, we covered property damage, business interruption and liability insurance for an energy portfolio in Eastern Europe. The client reached out to us directly as our technical knowledge of these types of assets and our global industry relationships are well known in the marketplace, highlighting the value of our specialization strategy.

We also secured a significant new mandate in Europe covering property damage and business interruption for a leader in the electric vehicle sector. Teams from different regions coordinated to identify and address gaps in the clients' coverage while achieving a premium reduction all in just three weeks. This win underscores our ability to deliver cost-efficient solutions to support high-growth, innovation-driven clients with complex coverage needs.

Before turning it over to Andrew, I want to provide an update on we do, our enterprise delivery organization. We were especially pleased with the margin expansion we delivered this quarter across the business. Over the past quarter and as we look ahead, we do is helping us continue to improve how we operate, leveraging automation and AI to enhance efficiency and deliver savings.

Our approach combines generative and analytical technologies to identify opportunities, design more efficient solutions and automate processes. With we do back automation projects, we've streamlined billing, collections and payments to drive stronger margins and free cash flow, which were reflected in our results this quarter.

Overall, I'm pleased with how we performed this quarter. We delivered solid financial results in line with our expectations with mid-single-digit organic growth and meaningful margin expansion across both segments. We have good momentum across the business, giving us added confidence in our ability to deliver on our 2025 targets.

And now I'll pass it on to Andrew for a more detailed discussion of the financials.

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Thanks, Carl. Good morning, and thanks, everyone, for joining us today. In the third quarter, we delivered solid organic revenue growth of 5% and expanded adjusted operating margin by 230 basis points year-over-year to 20.4% or 120 basis points of year-over-year improvement when excluding TRANZACT.

Adjusted diluted earnings per share were $3.07, which is an increase of approximately 11% over the prior year. As a reminder, we completed the divestiture of TRANZACT on December 31, 2024. And for the full year 2025, this will create a headwind to adjusted diluted earnings per share of $1.14.

As Carl discussed, our solid third quarter results reflect the strong foundation we've built and the benefits of our investments in talent and technology. Our strategy is resonating with clients and colleagues and our businesses remain highly resilient despite the macro uncertainty. We remain firmly focused on our strategic objectives and the financial framework outlined at Investor Day to create long-term shareholder value.

Turning to our segment results. Health, Wealth & Career revenue grew 4% compared to the third quarter of last year. Excluding the impact of book of business settlement activity and interest income growth was 5%. Our results for the third quarter are in line with our expectations, and we remain on track to deliver mid-single-digit growth and margin expansion for HWC in 2025.

As a reminder, the vast majority of HWC's business is recurring, with only a small portion being more economically sensitive and discretionary. Our Health business achieved strong growth of 7% this quarter or 8% growth, excluding the impact of book of business settlement activity and interest income. This growth was primarily driven by double-digit increases in international and solid performance in North America.

Results in International were driven by new global benefit management and local appointments, successful renewals, health care inflation and market expansion. In North America, focused sales efforts generated growth across all market segments. In Europe, growth was offset by a significant book of business sale in the prior year third quarter.

Excluding the impact of interest income and book of business settlement activity, Health has grown 8% year-to-date. We continue to expect strong demand across the global business driven by health care inflation and employers continued focus on managing costs while maintaining competitive employee benefits. With a healthy pipeline for the remainder of the year, we continue to expect high single-digit growth for the full year, even with a high double-digit growth rate in the fourth quarter of last year.

Wealth had revenue growth 5% in the third quarter primarily from strong levels of retirement work in Great Britain and North America. Demand for our core defined benefit work, including financial forecasting, compliance support and data projects remain strong.

We also saw growth in project work to support pension derisking, surplus utilization and workforce restructuring. Our investments business delivered growth primarily from new products and client wins. We continue to expect low single-digit growth in the Wealth business for the year.

Career growth was 2% in the third quarter, with solid growth in Europe, driven by strong demand for EU pay transparency support and employee communication projects. While compensation benchmarking survey work increased across all regions, a change in the survey delivery pattern limited growth this quarter when compared to the same period last year.

We are confident revenue growth will increase meaningfully in the fourth quarter due to this change in the pattern combined with the continued demand for advisory work related to the EU pay transparency directive that goes into effect mid-2026.

We continue to expect Career to grow low to mid-single digits in 2025. Over the long term, we expect mid-single-digit growth based on our track record and continued focus on product and technology offerings alongside recurring services.

Benefits, Delivery & Outsourcing, or BD&O, grew 2% versus last year's third quarter, driven by growth in outsourcing due to increased project and core administration work in Europe which was partially offset by lower commission revenue in the individual marketplace, our B2B2C Medicare Exchange business.

Keep in mind that our Medicare Exchange generates about 80% of its revenue in the fourth quarter due to the timing of the Medicare enrollment period. In combination with the timing of new business, BD&O overall generates nearly half of its revenue in the fourth quarter.

Accordingly, we forecast BD&O growth to be strongest in the fourth quarter of the year, reflecting the expected timing of commissions, new client implementations and new projects to support regulatory changes. We continue to expect BD&O to grow at mid-single digits for the year.

HWC's operating margin in the third quarter was 28.6%, an increase of 390 basis points compared to the prior year or an increase of 100 basis points, excluding the impact of the TRANZACT divestiture. This result demonstrates our ability to consistently deliver incremental margin expansion regardless of cyclical macro conditions and supports our strong track record of margin expansion in HWC.

Let me move on to Risk & Broking, which had revenue growth of 6%, underscoring the continued momentum in the business. Our specialization strategy and our investments in talent, data and technology continue to drive sustainable growth.

Corporate Risk & Broking grew 6% or 7% when excluding both book of business activity and interest income. This was on top of the 10% growth rate achieved in the prior year comparable quarter. As Carl mentioned, this is the 11th consecutive quarter of high single-digit growth when excluding both book of business activity and interest income.

CRB's growth this quarter was primarily driven by our global specialization strategy which continued to support expansion amid the more challenging rate environment. Of note, we generated significant new business across a number of markets this quarter as well as project revenue recognized in our Global Specialty businesses, with notable contributions from construction, surety and credit risk solutions. This illustrates that our commitment to global specialization continues to generate value for clients and drive growth.

From a macro perspective, and relative to last quarter, we are seeing a more challenging growth environment as market rates continue to soften across various lines. Nonetheless, our specialization strategy is resonating in the market and we are pleased by the results we are seeing from our Global Specialty businesses. We continue to expect mid to high single-digit growth in CRB for 2025. While industry-wide pricing pressure is making high single-digit growth harder, we believe it is still attainable.

In our Insurance, Consulting & Technology business, revenue was flat versus last year's third quarter when ICT delivered 7% growth. Our combined approach of Consulting & Technology continues to add value. However, trends we highlighted last quarter persist as the consulting environment has remained weak and clients continue to demonstrate caution for making large multiyear technology implementation decisions.

While we are encouraged by our pipeline on the technology sales side, we do not expect to see a meaningful pickup in consulting activity in the fourth quarter. For the full year, we continue to expect low to mid-single-digit growth.

Turning back to R&B's results overall. We are pleased with our momentum year-to-date, which gives us confidence in our ability to deliver mid- to high single-digit growth for the full year. As I mentioned a moment ago, although the path to achieving high single-digit growth is more challenging given the current pricing environment, we believe it is still possible.

R&B's operating margin was 18.8% for the third quarter, a 70 basis point improvement over the prior year or a 100 basis point improvement when excluding the impact of foreign exchange rates. This was primarily driven by operating leverage from strong organic growth performance, coupled with continued expense discipline.

Foreign exchange rates were a headwind of 30 basis points to R&B's operating margin in the third quarter due to weakening US dollar, but we expect the full year foreign exchange impact to be slightly more modest. So far this year, we achieved 90 basis points of operating margin improvement in R&B or 120 basis points, excluding the impact of foreign currency and we are committed to delivering 100 basis points of average annual adjusted operating margin expansion over the next three years.

As Carl highlighted earlier, investments we've made in our technology capabilities continue to provide value and provide a strong platform for us to deliver ongoing operating leverage and efficiencies across the business.

Finally, I will give some additional color on our enterprise level results. Adjusted operating margin for the third quarter was 20.4%, a 230 basis point improvement over the prior year, reflecting strong margin expansion in the segments and prudent business expense management supported in part by our WE DO initiative. This result includes a 110 basis point tailwind from the TRANZACT divestiture.

As we enter Q4, our seasonally strongest quarter of the year, all our businesses are operating with continued discipline and rigor, giving us confident in our ability to continue to expand margins. Foreign currency was a $0.04 tailwind to adjusted EPS for the quarter and a $0.05 headwind year-to-date in 2025. The US dollar has been weakening during the quarter. So I want to give you some additional color on foreign exchange.

At the current spot rates, we expect a foreign currency tailwind to adjusted EPS of approximately $0.15 in the fourth quarter and approximately $0.10 for the full year. Of course, the impact may fluctuate throughout the remainder of the year.

Our US GAAP tax rate for the quarter was 19.7% versus 16.1% in the prior year. Our adjusted tax rate for the quarter was 22.4% compared to 19.7% for the third quarter of 2024. We expect our full year 2025 tax rate to be relatively consistent with the prior full year rate.

We generated free cash flow of $838 million for the nine months ending September 30, 2025, an increase of $114 million from the prior year. This was driven by operating margin expansion and reduced transformation program cash costs.

The favorable second half setup we anticipated began to play out this quarter. As we previously noted, the remaining transformation costs continue to abate and the divestiture of TRANZACT will act as a tailwind to free cash flow as we lap the prior year fourth quarter in which that business recorded net cash outflows. We remain on track to deliver our objective of annual free cash flow margin expansion.

During the quarter, we returned $690 million to our shareholders via share repurchases of $600 million and dividends of $90 million. We continue to view share repurchases as one of our primary methods of capital return and an attractive use of capital to efficiently deliver value to WTW shareholders.

We continue to expect share repurchases to total approximately $1.5 billion in 2025, subject to market conditions and potential capital allocation to inorganic investment opportunities. Looking ahead, we're confident our balanced and disciplined capital allocation approach will generate long-term shareholder value. We'll continue to be selective as we invest in talent and in our platform to ensure we're driving sustainable growth and margin expansion.

In closing, we are pleased by our performance year-to-date in 2025. We are increasingly seeing the execution of our strategy manifest in our results, giving us solid momentum as we enter the fourth quarter. We remain confident in delivering on our 2025 financial objectives of mid-single-digit organic growth, adjusted operating margin expansion, adjusted EPS growth and ongoing improvement in free cash flow margin.

With that, let's open it up for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Gregory Peters, Raymond James.

Gregory Peters - *Raymond James - Analyst*

Great. Good morning, everyone. So for the first question, I'm going to focusing on the Risk & Broking organic revenue results. I appreciate the color, both you made, both you, Carl and Andrew made specifically on the new business.

And I guess what I'm getting at is how much of the third quarter result reflected sort of unusual wins that won't recur or come at it a different way. You mentioned project-based placements. Were those unusual relative to other quarters? And maybe you can just build on that by line of business? Is there something nuanced or geographies that's driving what I would characterize as a better-than-market result?

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Hey, good morning, Greg. Thanks for the question. We were really pleased with the 6% growth we achieved for the R&B segment. That was on top of, right, a 10% for a solid growth result in Q3 '24. CRB delivered 6% organic or 7% when you exclude both book of business activity and fiduciary income. I think our specialization strategy and our investments in talent, data and technology continue to drive sustainable growth.

Lucy, can you give us some color commentary on that?

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

Yeah. Sure, Carl. Hi, Greg. Yeah, let me just start by reiterating we had another good quarter overall. Within CRB, we've generated strong new business in all of our global markets and across almost every single specialty line. We saw particularly meaningful contributions from construction, M&A, surety, credit risk solutions and remain committed to delivering mid-single-digit to high single-digit growth in R&B for the year.

As you know, of course, our clients are benefiting from an improving rate environment, which can translate to a revenue headwind for us. Naturally, this industry-wide dynamic will make the path to high single-digit growth for the year more challenging but not out of reach.

In terms of the project-based placements, it's just important to keep in mind that the nature of our work in specialty is always a combination of recurring and one-off work. So as we noted in those prepared remarks, we did see increased contributions from placements for multiyear projects undertaken by some of our clients.

Normal part of growth in our specialty businesses, particularly in construction, M&A, surety and natural resources. That specialization approach has been a key driver of growth for us in R&B, and we expect that to continue. Thanks, Greg.

Gregory Peters - *Raymond James - Analyst*

Thanks for that answers. I'm going to follow up just because it's important. I know part of your expectation going forward is to expand your margins in Risk & Broking each year and both Andrew and Lucy now have reviewed that it's becoming more difficult to get to the higher end of your organic revenue results in Risk & Broking.

Should we be worried that if we go from mid-single digit to high single digit, just to mid-single digit, that there might be some pressure on your ability to generate that 100 basis points of margin improvement in the next two years?

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Hey, Greg, it's Andrew. I'll take that one. So we did see a strong margin improvement in the R&B segment of 70 basis points or 100 basis points, excluding the impact of foreign currency. So year-to-date, 90 basis points of operating improvement or 120 basis points, excluding the impact of foreign currency. We're not going to sort of guide to a specific number for the full year, but we do remain absolutely committed to what we laid out yesterday of the 100 basis points on average over the next three years per year. And we feel like we're on track to achieve that.

It's really driven by some of the investments in technology that we've made really looking at process improvement, things of that nature, that's really going to help drive those efficiencies. So I think despite the top line, we feel like we have the appropriate tools and levers to be able to get there.

Operator

Elyse Greenspan, Wells Fargo.

Elyse Greenspan - *Wells Fargo Securities LLC - Analyst*

Hi, thanks. Good morning. My first question was on free cash flow. If you can just provide more expectations for the year and the fourth quarter. I think in your prepared remarks, you commented about how the favorable second half began to play out this quarter. I just was hoping to get more comments there.

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Yeah. Perfect. Thanks, Elyse. Our view has not changed from what we shared last quarter. The favorable second half setup that we flagged continues to play out. Through the third quarter year-to-date, we had $838 million in free cash flow, which is $114 million year-over-year increase, that was driven by operating margin expansion and reduced transformation cash costs.

Looking at the fourth quarter, the remaining transformation cash cost will continue to abate and the divestiture of TRANZACT will act as a tailwind as we lap the prior year fourth quarter. So taken together, we remain confident in our ability to deliver free cash flow margin expansion, not just in 2025, but beyond as well and just continue to build on that momentum.

Elyse Greenspan - *Wells Fargo Securities LLC - Analyst*

Thanks. And then my second question, I was just hoping you guys could provide what the insurance pricing headwind was in the third quarter? And also, was that similar to the second quarter or worse?

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

Hey, Elyse, it's Lucy. Thanks for the question. So sure, pricing pressure has continued in certain areas of the market, and it's becoming more meaningful as we make progress through the year. From our perspective, property is the most impacted class, particularly in the large and complex segment but most lines are showing softening other than, of course, North American casualty where pricing continues to rise.

Important to remember that these pricing improvements follow five years of pricing increases. So many of the markets still see these levels as rate adequate, and it's a welcome relief for our clients. So we're still expecting mid- to high single-digit organic revenue growth and Risk & Broking for the year in spite of any of the pricing developments.

Operator

Rob Cox, Goldman Sachs.

Robert Cox - *Goldman Sachs Group Inc - Analyst*

Hey, thanks. Good morning. First question on HWC margins. I think if we exclude the impact of TRANZACT, the margins improved 100 basis points, as you all mentioned. If we do that in the first half of 2025, I think the margins contracted. So I was just curious sort of what changed in the quarter and how you guys are thinking about margin expansion, excluding TRANZACT in the fourth quarter and beyond?

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Yeah, sure. I mean, as we laid out in Investor Day, we're committed to incremental margin improvement across that sector over the long term. Over the full year here, we'll have some tailwinds, right, from the divestiture of TRANZACT, but everything is playing out exactly as we expected. And maybe, Julie, you want to comment on some of the drivers of sort of how we're going to sustain that performance going forward.

Julie Gebauer - *Willis Towers Watson PLC - President – Health, Wealth & Career*

I would, Andrew. But first, I want to highlight that so far this year, excluding the TRANZACT divestiture, we added 40 basis points of margin in Q1, 20 basis points in Q2 and now 100 basis points in Q3, as you mentioned, in line with our commitment to build on our strong track record.

We've been able to do this consistently over a lot of years for a few reasons, and that the foundation of this performance is the way that we focused our portfolio. We got businesses where we can not only differentiate but also scale and generate leverage. And then on top of that, we have a really clear view of our top line and a firm command of our cost structure. We take a very disciplined approach to resource management.

And then finally, we still see opportunities with process optimization, automation and right shoring to add to margin. So while we take pride in what we like to say are industry-leading margins in HWC, we are very confident in our ability to build on that.

Robert Cox - *Goldman Sachs Group Inc - Analyst*

Great. Thank you. And then I just want to follow up on the BD&O business. It sounds like the guidance is being maintained for mid-single-digit organic growth for the full year. Just looking at what you guys have done year-to-date, it looks like you might need something like high single digits organic in the fourth quarter. Could you tell us what gives you confidence on the improvement there?

Julie Gebauer - *Willis Towers Watson PLC - President – Health, Wealth & Career*

Yeah, Rob, I'll take that. I'm going to start with a reminder that BD&O overall generates nearly half of its revenue in the fourth quarter. And in addition to typically our outsourcing clients going -- new outsourcing clients going live in that quarter. About 1/3 of our revenue in this business comes from our individual marketplace business, and in that business, we generate about 80% of our revenue in the fourth quarter, as Andrew mentioned, during open enrollment that happens from October until early December.

And given the new clients that we've added, our expectations for Medicare retirees to review and switch coverage during that enrollment period, we expect to see increases in commissions and fees and solid growth in the quarter ahead. So overall, we expect mid-single-digit growth for the full year and over the longer term.

Operator

Michael Zaremski, BMO.

Michael Zaremski - *BMO Capital Markets - Analyst*

Thanks. Good morning. Looking at the interest income levels, very healthy, better than expected. Is that the run rate or any one-timers we should be considering?

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

No specific one-timers, but I just -- it's important to keep in mind that some of the investment income is driven by sort of where the cash balances are held across jurisdictions and interest rates vary by geography. So sometimes geographic mix of business can have an impact there. So I think that's the only nuance I'd call out there.

Michael Zaremski - *BMO Capital Markets - Analyst*

Okay. So we'll -- I guess I'll take it as a kind of use it as directionally at the run rate. A follow-up to Greg Peter's question earlier and just not trying to split hairs and we love when you give extra color. But in the R&B segment, when you mentioned the project based placements in specialty, which is great color. It just leads to the question, is project-based mean like more non-recurring or onetime that we should kind of be considering in our run rate on a go forward? So just wanted to try to ask that one last time to make sure we're not new wording.

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

Hi. It's just one last time. Yeah, hi, it's Lucy. Thanks for the question. Yeah, you're right, it does mean onetime revenue. But we always have onetime revenue. The nature of our work in specialty is a combination of recurring and onetime revenue. We just saw increased contributions from the placement of multiyear projects in the quarter, so we hold it out. It's a normal part of the growth in Specialty business. Thanks.

Operator

Paul Newsome, Piper.

Paul Newsome - *Piper Sandler & Co. - Analyst*

Good morning. Thanks for the color. I was hoping you could talk a little bit about the war for talent. We see a lot of headlines, particularly on the property casualty side of the house about books getting hired back and forth. And where do you think Willis fits within that? And do you think we're seeing a heightened level of poaching back and forth?

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Yeah. Thanks for the question. We are really happy with our ability to attract and retain top talent. As Lucy shared after she joined last year, right, the success of our strategy over the last four years and the world-class resources we've developed to serve clients, they're highly attractive to prospective employees. We continue to hire strategically with a focus on bringing in accretive talent, especially within our specialty lines and geographies.

More broadly, we continue to make investments in the fastest-growing and most profitable areas of our business. And so we remain very excited about the innovation fostered by both these investments and the new talent in the organization. It's helping us realize significant opportunities to accelerate profitable growth and to enhance our margins.

Paul Newsome - *Piper Sandler & Co. - Analyst*

So do you think you're getting kind of more than a fair share at this point? Or do you think you've sort of reached a point where you're kind of at your steady state of continued growth?

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

I'll just pick up on that. Thanks. So of course, our people are it for us, and our business is built around talent. Incredibly proud of the people who work here and how they look after our clients. That really strong focus on talent has been the key driver of our organic growth and, of course, particularly for new business growth over the last few years.

We will continue to complement our existing talent by making strategic hires in the areas we think that they'll be most impactful both in terms of geography and specialty. It's proven to be a real successful strategy for us, and we'll continue to execute on that. Thanks.

Operator

David Motemaden, Evercore ISI.

David Motemaden - *Evercore ISI - Analyst*

Hi, thanks. Good morning. I had a question just on some of the R&B commentary just around the path to achieving the high single-digit growth, just getting more challenging, given the current pricing environment. And I'm not so much focused on fourth quarter, but just thinking bigger picture about the mid-single-digit to high single-digit growth targets you guys had laid out at your Investor Day about a year ago within R&B.

Just given the current environment and the direction of travel, I guess, how are you thinking about that target? Is it still that mid-single to high single, mid-single, is low single digit on the table? Just interested in your thoughts on that.

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Yeah. I mean, stepping back, right, our solid performance this year reflects the success of the specialization strategy and demonstrated by 6%, the solid 6% we got out of CRB, that 7% we do exclude book of business and fiduciary income for the quarter.

Given our performance year-to-date, we remain committed to mid to high single-digit growth in R&B for the year. But as we've said, right, we acknowledge that high single digits, a bit more challenging now with the current environment.

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

Yeah. Let me just add to that. Thanks, Carl. Yeah, so we've made the comments about where we expect '25 to end up. And obviously, we're not going to comment on '26 until next quarter. But we still have plenty of room to grow across Risk & Broking. We expect client demand and the attractiveness of the specialty structure to continue to generate growth rates that continue to lead the market. So we see a lot to be optimistic about, but we'll talk about '26 next quarter.

David Motemaden - *Evercore ISI - Analyst*

Got it. Okay. Thank you. And then just following up, just seeing an economy that looks like capital spending and spending is still solid, but then employment growth, which Carl, you mentioned that's slowed a bit. And I hear you loud and clear that HWC is vastly recurring in nature, if I think about their revenues.

But could you just help me think about just general employment levels and how that might impact some of the contracts that you have, particularly in BD&O even if it is recurring. Are there different bands there that can tweak up and down based on your client employment levels? Or could you just help me think through the sensitivity of your businesses to that?

Julie Gebauer - *Willis Towers Watson PLC - President – Health, Wealth & Career*

Yeah, David, I'll pick up on that one. Look, overall, we haven't seen softening employment impact our revenue overall. And I can tell you that even with a softening employment landscape, we expect to deliver mid-single-digit revenue growth in HWC this year. And while it's worth noting that employee turnover has dropped across industry, there is still high competition for certain jobs and skills.

We've got -- we do these talent intelligence reports that found that organizations are investing heavily in technology, talent, data roles, customer service jobs. And then balancing that alongside other external factors like things I've mentioned before have been mentioned before, health care inflation, healthy pension-funded status new legislation where our clients need support, we believe that overall environment is generally favorable for our HWC services, and that includes BD&O that you specifically mentioned.

Operator

Mark Hughes, Truist.

Mark Hughes - *Truist Securities Inc - Analyst*

Yeah. Thank you very much. Good morning. In the Health business, I talked about the strong pipeline. How much of that do you think is you're taking share versus there's just a lot of movement, a lot of folks looking for solutions given health care inflation.

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Yeah. Good morning, Mark. Thanks for the question. Just to take this one step back, right? The Health business at 7% for the quarter, and that's 8% before when you exclude book settlement and really reflecting broad-based growth across all regions.

We think our strategy is continuing to yield meaningful results. This is the sixth consecutive quarter of growth in the high single digits range. Our expectation is that demand is going to remain solid for the rest of the year driven by a very solid pipeline and supportive external trends.

And though we do recognize we have a strong comp in Q4. We continue to expect to deliver high single-digit growth for the full year. But maybe if Julie could give a bit more commentary about what we're seeing in Health.

Julie Gebauer - *Willis Towers Watson PLC - President – Health, Wealth & Career*

Yeah. Sure, Carl. And Mark, to pick up on your point, I'll start with the external environment. Health care inflation is still front and center for a lot of organizations due to the higher cost driven by things like increased utilization, technological advances, prescription drug cost increases and the list goes on.

In fact, we've done some recent research that shows that 73% of company, 73% are feeling more cost pressure in this area than at any point in the last 10 years. So it isn't a surprise that they're turning to us for help in managing these costs, whether that's to take health plans out for competitive bids or considering more significant changes.

So this environment has been favorable. And we've been successful with focused sales efforts and a strong service and that has generated strong retention new business and good results for some of our solutions like global benefits management and our middle market offerings. And so our pipeline is strong. And to repeat what Carl said, we are confident in delivering high single-digit growth for the full year.

Mark Hughes - *Truist Securities Inc - Analyst*

Very good. And then on the -- in the retirement business, what is the prospects for continued project work if interest rates are going to be declining here? Presumably, most pension funds are pretty -- doing pretty well. But what is -- how does 2026 shape up relative to 2025 on that front?

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Yeah. And again, let's ground is where we're starting from. Wealth generated 5% organic for the quarter, driven by strength in retirement. New clients and core DB services and LifeSight to your point, expanded project work for existing clients, right? Our investments business is delivering growth from new products and client wins. We continue to expect low single-digit growth for the year and over the long term. And Julie, what are we seeing on the ground and what do we think about the future?

Julie Gebauer - *Willis Towers Watson PLC - President – Health, Wealth & Career*

Yeah. Yeah. I'd like to actually break this into three pieces. The core defined benefit work emerging work in the defined contribution area and then developing product solutions in the investments area. So starting with core defined benefit, we have added more clients in our target market. And to the point that's been made already conducted more project work.

That includes not only derisking, which is interest rate dependent, but derisking readiness for the future, doing things like data cleanup, helping clients with workforce management projects and doing work to support the adoption of new legislation. We have very good momentum going in this area, and we expect these trends to continue.

Now in defined contribution, we are live with our LifeSight Solution in 12 countries now, and we continue to add clients and assets under management. At the end of the quarter, last quarter, our assets under management across our Master Trust type arrangement with over $42 billion.

And then we've seen strong performance in our new product launches in our investments business. I want to highlight what I think is a really exciting example where we launched funds in collaboration with BlackRock for our clients' international defined contribution pension plans. And that has been seeded with over $1 billion in assets from a client headquartered in the Middle East.

So with developments like this, we expect our Wealth businesses to grow revenue steadily in the short to medium term. Growth is expected to accelerate over the medium to long term as we build in some of these faster-growing areas that I've mentioned. And I'll just close with the momentum that we have this year, we're expecting results to be at the top end of the low single-digit range.

Operator

Ryan Tunis, Cantor.

Ryan Tunis - *Cantor Fitzgerald LP - Research Analyst*

Just one for me. So in Risk & Broking, the 7% organic. Can you give us some idea of geographically, how the US fits in there versus international?

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Yeah. So we saw growth across all of our geographies. We're happy with how all of the businesses performed but don't get into the detail on geography by geography basis. The US is about less than half of the total portfolio that we have within that business. So again, well diversified across geographies, lines of business markets and property casualty splits, and that's served us well.

Ryan Tunis - *Cantor Fitzgerald LP - Research Analyst*

Sorry. But like seems like broadly, that's where we're seeing some pressure on brokerage organic just on the US side. So you're saying that we should assume that US is running somewhere in your 7% organic?

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

No, that's not what we're saying. We saw particularly good performances from the UK and our GB and international, and we had some outperformance there. Thanks.

Operator

Mark Marcon, Robert W. Baird.

Mark Marcon - *Robert W. Baird & Co Inc - Analyst*

Hey, good morning. Thanks for taking my questions. One for Julie and one for Lucy. Julie, just with regards to the health insurance pressures that employers are facing. Typically, when we go through these time periods, how long do you see elevated levels of continued requirements for help from your clients? It seems to me like it would be a multiyear process to try to optimize benefit plans and things of that nature. But I'm wondering what your perspective is on that.

And then for Lucy, obviously, we all know that we're going into a softer cycle, how would you characterize this softer cycle relative to others? And to what extent does that impact your ability to gain new clients from competitors? Thank you.

Julie Gebauer - *Willis Towers Watson PLC - President – Health, Wealth & Career*

Mark, thank you. On the health care front, you're right that this is typically a multiyear phenomenon where we have higher health care inflation around the world. We're already looking out at estimates for 2026, and it is still expected to be high.

Lucy, you want to comment on --

Lucy Clarke - *Willis Towers Watson PLC - President - Risk & Broking*

I would love to, Julie. Thank you. Yeah, thanks Mark, for the question. So how would I characterize this soft cycle compared to other soft cycles? I guess I would just make the note that we are talking about it being a softer cycle, but it's important to remember where we've come from. We had five years of rating increase. And so where we are is softer, but it is still considered rate adequate in most -- by most carriers.

And in terms of how does it affect our ability to attract clients. Well, I mean, clients aren't only looking for the lowest price. They will get better pricing from brokers across the board. But we think that the biggest thing we have to offer clients is the differentiation in our specialization strategy. Thanks.

Operator

Meyer Shields, KBW.

Meyer Shields - *Keefe Bruyette & Woods Inc - Analyst*

Great. Thanks. Two quick ones, hopefully. And I apologize if this has been covered before. But given the fact that he's done $1.3 billion of repurchases year-to-date and fourth quarter is the strongest free cash flow quarter. Why is $1.5 billion the right number for 2025 [repurchase], shouldn't it be higher?

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Yeah, sure. So as we mentioned in the prepared remarks, we're still targeting $1.5 billion in subject to market conditions and, of course, potential capital allocation to organic or inorganic investment opportunities.

In terms of timing and potential upside, we continuously monitor our cash levels and market conditions to take advantage of opportunities to accelerate repurchases. And will lean in if the opportunity presents itself, and we think it's a prudent thing to do.

As we always have, we evaluate all of our options for capital allocation, which does include share buybacks, internal investment and carefully consider strategic M&A to make sure that we're maximizing value creation for our shareholders.

Meyer Shields - *Keefe Bruyette & Woods Inc - Analyst*

Okay. That's fair. Second question, with the survey-related results or revenues that are being deferred to the fourth quarter, were the associated expenses still booked in the third quarter?

Andrew Jay Krasner - *Willis Towers Watson PLC - Chief Financial Officer*

Yes. The simple answer to that question. So we expect some revenue to bleed over into Q4 related to that sort of temporary shift in timing.

Operator

Thank you. This does conclude the question-and-answer session of today's program. I'd like to hand the program back to Carl Hess for any further remarks.

Carl Hess - *Willis Towers Watson PLC - Chief Executive Officer*

Thanks, everyone, for participating today. Before we wrap up, I'd like to acknowledge the destruction caused by Hurricane Melissa and express our deepest sympathy to all of those affected. For our clients and business partners in the areas impacted our thoughts are with you, and we'll continue to lend our support through this difficult time.

Thank you all for joining us this morning. I do want to thank once again all our WTW colleagues again for their hard work and dedication, and thank you to our shareholders for their continued support of our efforts. Have a great day.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.
