AETNA INC /PA/
Form 11-K
June 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K
(Mark One):

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___________ to ____________

Commission file number 1-16095

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Aetna 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Aetna Inc.
151 Farmington Avenue
Hartford, Connecticut 06156

REQUIRED INFORMATION

1. Financial Statements and Schedules (and Notes thereto)
2. Consent of Independent Registered Public Accounting Firm to Incorporation By Reference (attached)

SIGNATURES

Aetna 401(k) Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrators have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Aetna 401(k) Plan

Date: June 26, 2015	By:	/s/ Kay D. Mooney
		Name: Kay D. Mooney
		Title: Vice President, Employee Benefits

AETNA 401(k) PLAN

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Note: The following schedules are required by Section 103 of the Employee Retirement Income Security Act of 1974, but have not been included as they are not applicable:

- Schedule of Investment Assets (Both Acquired and Disposed of Within the Plan Year)
- Schedule of Reportable Transactions
- Nonexempt Transactions
- Schedule of Loans or Fixed Income Obligations in Default or Classified as Uncollectible
- Schedule of Leases in Default or Classified as Uncollectible

Report of Independent Registered Public Accounting Firm
The Plan Administrator
Aetna 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the Aetna 401(k) Plan (the Plan) as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

The supplemental information in the accompanying schedules of Schedule of Assets (Held at End of Year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan’s 2014 financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying Schedule of Assets (Held at End of Year) as of December 31, 2014 is fairly stated in all material respects in relation to the 2014 financial statements as a whole.

/s/ KPMG LLP
Hartford, Connecticut
June 26, 2015

AETNA 401(k) PLAN
Statements of Net Assets Available for Benefits
December 31, 2014 and 2013

	2014	2013
Assets:		
Investments at fair value:		
Plan interest in Aetna 401(k) Master Trust (note 3)	$ 6,362,911,123	$ 4,956,652,219
Total investments	6,362,911,123	4,956,652,219
Participant loans (note 1(g))	143,611,265	102,884,956
Receivables:		
Employer contributions	10,876,238	8,963,471
Employee contributions	9,740,023	7,657,608
Total receivables	20,616,261	16,621,079
Total assets	6,527,138,649	5,076,158,254
Net assets reflecting all investments at fair value	6,527,138,649	5,076,158,254
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(55,518,453)	(44,724,197)
Net assets available for benefits	$ 6,471,620,196	$ 5,031,434,057

See accompanying notes to the financial statements.

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AETNA 401(k) PLAN
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2014

Additions to assets attributed to		
Investment income:		
Income from investment in Aetna 401(k) Master Trust (note 3)	$	395,996,051
Interest income from participant loans		5,230,517
Contributions:		
Participant		272,977,015
Employer		173,099,877
Total contributions		446,076,892
Total additions		847,303,460
Deductions:		
Benefits paid to participants		396,754,808
Administrative expenses		1,271,569
Total deductions		398,026,377
Net increase		449,277,083
Transfer from other plans (note 11)		990,909,056
Net assets available for benefits:		
Beginning of year		5,031,434,057
End of year	$	6,471,620,196

See accompanying notes to the financial statements.

AETNA 401(k) PLAN
Notes to Financial Statements
December 31, 2014 and 2013

(1) Description of Plan

The following description of the Aetna 401(k) Plan (the Plan or 401(k)) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan, a participant-directed defined contribution plan, is a voluntary savings plan that provides retirement income to eligible employees who are U.S. employees, employed by Aetna Inc. (the Company) or a participating company. Effective January 1, 2002, employees of the Company or a participating company are immediately eligible for plan participation upon the employee's employment commencement date. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

(b) Administration

The Plan has multiple investment options for eligible employees. The Plan's recordkeeper is Voya (fka ING) Institutional Plan Services, LLC (Voya IPS). The trustee of the Plan is State Street Bank (State Street). Effective January 1, 2013, the Company entered into a master trust agreement with State Street and established the Aetna 401(k) Master Trust (Master Trust). Collectively, the Master Trust serves as the funding vehicle for both the Plan and the Aetna Affiliate 401(k) Plan (Affiliate 401(k) Plan). Each participating retirement plan has a divided interest in the individual assets of the Master Trust based upon participant direction.

(c) Contributions

Qualified Automatic Contribution Arrangement

Effective December 22, 2010, the Company instituted a qualified automatic contribution arrangement in the Plan. The Company automatically enrolled into the Plan all eligible employees who were not currently in the Plan and who have not made an election to decline participation in the Plan. In addition, effective January 1, 2011, new and rehired employees will be automatically enrolled within ten days of their hire date. All employees will be automatically enrolled in the Plan at a 3% pretax contribution rate unless the employee chooses a different rate or opts out of participation. Auto enrolled participants will have the automatic rate escalator feature enabled, which will automatically increase the pretax contribution rate by 1% each year to a maximum of 6% of eligible pay. To the extent that no investment election is made, contributions will be invested in the SSgA Target Retirement Fund that most closely matches the participant's Social Security full retirement age. Participants may choose to change their contribution rate or reallocate their contributions among other investment funds available in the Plan.

Effective December 2010, participants may elect to make a Roth in plan conversion.

Effective January 1, 2014, the automatic pretax contribution rate percentage increased from a maximum of 6% to 10% of eligible pay.

AETNA 401(k) PLAN
Notes to Financial Statements
December 31, 2014 and 2013

Participant Contributions

Employees may elect to contribute 1% to 40% of their eligible pay on a pretax basis and/or on an after-tax basis as a Roth 401(k) contribution. Participants may also contribute 1% to 5% of their eligible pay on an after tax basis as a traditional (non Roth account) after tax contribution.

Eligible participants may contribute both pretax and Roth 401(k) contributions up to a combined maximum of $17,500 in both 2014 and 2013 in accordance with the Internal Revenue Code (IRC) qualified retirement plan limits.

Employees age 50 and older are allowed to make an additional pretax contribution or Roth 401(k) contribution, or both, to the Plan over and above the Internal Revenue Service (IRS) plan limits. The maximum amount allowed for catch up contributions was $5,500 for both tax years ended December 31, 2014 and 2013.

Lastly, participants may contribute amounts representing eligible rollover distributions from eligible retirement plans. These rollover amounts are considered to be participant contributions.

Employer Contributions

Participants are immediately eligible to receive a 100% employer company match contribution on the first 6% of eligible pay contributed to the Plan on a combined pretax and Roth 401(k) basis. The matching contributions are made in cash and invested according to each participant's investment elections.

Participant pretax contributions and employer contributions, and earnings thereon, are not taxed until withdrawal. Contributions are funded after each bi weekly payroll cycle.

(d) Participant Investment Elections

Participants may direct their investment contributions and employer contributions among twenty-one investment options offered by the Plan. The twenty-one investment options currently offered include seven investment funds, eleven target retirement funds, Stable Value Option (SVO), Aetna Common Stock Fund, and a Self-Directed Brokerage Account. Participants are allowed to change their investment options subject to certain restrictions. For example, certain investment funds are subject to a 30 day transfer restriction, which prevents a participant from transferring assets back into the same fund that assets were recently sold from for a period of 30 days. In addition, participant elections to invest in the Aetna Common Stock Fund are limited to no more than 20% of the participant's account balance.

(e) Participant Accounts

On a bi weekly basis, each contributing participant's account is credited with the participant's contribution and the Company match. Earnings on investments are allocated based on account balances and are credited daily. Investment fund earnings are net of expenses.

(f) Vesting

Participants are vested in their deferral contributions plus actual earnings thereon. Participants are also immediately vested in the Company's matching contributions and earnings on those contributions.

AETNA 401(k) PLAN
Notes to Financial Statements
December 31, 2014 and 2013

(g) Participant Loans

Participants may borrow at a minimum $1,000 from their Plan account up to the lesser of $50,000 or 50% of the current value of their vested account balances. Loans bear interest at prime plus 1% at the time granted. A $50 per loan origination fee is charged to participants upon withdrawal. The amounts held for loans receivable are stated at amortized cost. As of both December 31, 2014 and 2013, interest rates on loans outstanding range from 4.25% to 10.50%.

(h) Payment of Benefits

On termination of service, a participant with a vested account greater than $5,000 may elect to take a lump sum distribution or roll over their account balance to another qualified plan or Individual Retirement Account (IRA), or may defer payment to a later date. Participants with a vested interest of $5,000 or less may elect to take a lump sum distribution or roll over their account balance to another qualified plan or IRA. Participants who do not make an election with balances ranging from $1,000 to $5,000 will automatically have their balances rolled over to a traditional/Roth IRA.

(i) Participant Forfeitures

Forfeitures that occur may vary from year to year depending upon various Plan activities such as forfeited accounts transferred to the Plan from acquired companies, and vesting rules regarding former performance based match programs. If a participant terminates employment without being fully vested, any unvested Company contributions (and earnings thereon) will be forfeited in accordance with the Plan's terms. For the years ended December 31, 2014 and 2013, forfeited nonvested accounts totaled approximately $275 and $303,222, respectively. These forfeitures were or will be used to reduce future employer contributions or to offset plan expenses. In 2014 and 2013, forfeited nonvested accounts offset employer contributions by $350,317 and $0, respectively. Forfeitures are invested in the SVO fund (for additional information refer to note 5).

(j) Employee Stock Ownership Plan

Effective August 31, 2011, the portion of the Plan invested in the Aetna Common Stock fund was designated as an employee stock ownership plan (ESOP). Under the ESOP, a participant can elect to receive, in cash, dividends that are paid on stock in the Aetna Common Stock Fund.

(2) Summary of Accounting Policies

(a) Basis of Presentation

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Investment contracts are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using the contract value basis for fully benefit-responsive investment contracts.

AETNA 401(k) PLAN
Notes to Financial Statements
December 31, 2014 and 2013

(b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities in these financial statements and accompanying notes. Accordingly, actual results may differ from reported results using those estimates.

(c) Investment Valuation and Income Recognition

Plan assets are held in the Master Trust, which is maintained by State Street, the trustee. The Master Trust investments are stated at fair value which is 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. The Master Trust investments, investment returns, and plan expenses are allocated to participating plans based on the underlying equity of each plan in each investment fund administered through the Master Trust. All investment allocations are participant-directed.

Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments represents both realized and unrealized gains and losses. Refer to note 4, Fair Value Measurement, for further information related to the valuation of Master Trust investments.

(d) Plan Expenses

Investment management and advisory fees are deducted from fund earnings. Administrative expenses relating to plan administration, trustee, accounting and legal fees are charged based on a percentage of the Plan’s assets and allocated to each of the investment options.

(e) Payment of Benefits

Benefits are recorded when paid. Benefit amounts due to participants are not reflected as liabilities but as a component of net assets available for benefits.

(f) Future Application of Accounting Standards

Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

Effective January 1, 2016, the Plan will adopt new accounting guidance related to disclosures for investments that calculate net asset value per share (NAV). This new guidance removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Early adoption of this new guidance is permitted. The adoption of this new guidance will not have a material impact on the Plan’s financial position or operating results.

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Notes to Financial Statements
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(3) Investments in Master Trust

The Plan's proportionate interest in the investments held by the trustee is approximately 99% at December 31, 2014 and 2013. The following is financial information with respect to the Master Trust (excluding participant loans):

	As of December 31,	
	2014	2013
Investments, at fair value:		
Common/collective trusts	$ 3,915,825,138	2,749,150,317
Stable value option (note 5)	1,751,213,321	1,737,383,125
Employer common stock	737,498,816	510,183,600
Money market funds and self-directed accounts	34,590,922	27,340,168
Net payables	(95,889)	(66,192)
Net investments available for plan benefits	$ 6,439,032,308	5,023,991,018
Net investments of Master Trust allocated to the Plan	6,362,911,123	4,956,652,219

The following table presents investments, at fair value, which represent 5% or more of the Master Trust net assets at December 31, 2014 and 2013:

	2014	2013
Stable Value Option (note 5)	$ 1,751,213,321	1,737,383,125
SSgA S&P 500 Index SL Series Fund	1,240,102,519	933,693,376
Aetna Common Stock Fund	737,498,816	510,183,600
SSgA International Index SL Series Fund	356,513,358	336,963,562
SSgA S&P MidCap Index NL Series Fund	469,383,026	333,155,781
SSgA Russell Small Cap Index SL Series Fund	280,183,605	256,440,130

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AETNA 401(k) PLAN
Notes to Financial Statements
December 31, 2014 and 2013

During 2014, the investments held by the trustee (including investments bought, sold, as well as held during the year) appreciated in value as follows:

		2014	
Net appreciation of investments:			
Common/collective trusts	$	206,991,392	
Stable Value Option (note 5)		34,592,126	
Employer Common Stock		155,411,651	
Money market funds and self-directed brokerage accounts		1,715,100	
Total appreciation of investments		398,710,269	
Interest		2,385	
Dividends		6,833,020	
Other income		344,468	
Investment income		405,890,142	
Master Trust expenses		(6,130,568	)
Net investment income		399,759,574	
Allocated income from investment in Aetna 401(k) Master Trust		395,996,051	
Administrative expenses		(1,271,569	)
Net investment income	$	394,724,482	

(4) Fair Value Measurements

The Plan has adopted the guidance in ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. The fair values of the Plan's financial assets are based on valuations that include inputs that can be classified within one of three levels of a hierarchy established by GAAP. The following are the levels of the hierarchy and a brief description of the type of valuation information (inputs) that qualifies a financial asset or liability for each level:

- Level 1 - Unadjusted quoted prices for identical assets in active markets.
- Level 2 - Inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates, and credit risks) and inputs that are derived from or corroborated by observable markets.
- Level 3 - Developed from unobservable data, reflecting management's own assumptions.

When quoted prices in active markets for identical assets are available, management uses these quoted market prices to determine the fair value of financial assets and classifies these assets as Level 1. In other cases where a quoted market price for identical assets in an active market is either not available or not observable, management estimates fair values using valuation methodologies based on available and observable market information. These financial assets would then be classified as Level 2. If quoted market prices are not available, management determines fair value using an analysis of each investment's financial

performance. In these instances, financial assets may be classified in Level 3 even though there may be some significant inputs that may be observable.

The following is a description of the valuation methodologies used for the Plan’s financial assets measured at fair value:

Common/Collective Trusts - Common/collective trusts invest in other collective investment funds otherwise known as the underlying funds. The Plan’s interest in the common/collective trust funds are based on the fair values of the underlying investments of the underlying funds. The underlying assets consist of U.S. Treasury, agency, corporate, mortgage backed, commercial mortgage backed and asset backed securities, U.S. and international stocks, bonds and cash and cash equivalents. Investments in collective trust funds are valued at their respective net asset value per share/unit on the valuation date. The NAV, as provided by the trustee, issued as a practical expedient to estimate fair value.

Stable Value Option - Investments in insurance contracts are valued based on the fair value of the underlying assets plus the total wrap rebid value. Refer to note 5 for additional information related to the insurance contracts.

Money Market Funds - Investments in money market funds are stated at fair value, which approximates amortized cost because the underlying investments are comprised of short term, highly liquid investments.

Employer Common Stock and Self Directed Brokerage Account - Units in the Aetna Common Stock Fund are presented at fair value plus value of cash. Quoted market prices are used to value investments in Aetna common stock and investments in the self-directed brokerage account.

Investments in all common collective trust funds and SVO can be redeemed at the current net asset value based on the fair value of the underlying assets. There are no withdrawal limits, redemption frequency limits or redemption notice periods. There were no unfunded commitments for these investments as of December 31, 2014 or 2013.

The Master Trust investments with changes in fair value that are measured on a recurring basis at December 31, 2014 and 2013 are as follows:

	2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Common/collective trusts	$ —	3,915,825,138	—	3,915,825,138
Stable value option	—	1,751,213,321	—	1,751,213,321
Money market funds	—	3,858,006	—	3,858,006
Self directed brokerage account	30,732,916	—	—	30,732,916
Employer common stock	737,498,816	—	—	737,498,816
Total	$ 768,231,732	5,670,896,465	—	6,439,128,197

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Notes to Financial Statements
December 31, 2014 and 2013

	2013 Level 1	Level 2	Level 3	Total
Assets:				
Common/collective trusts	$ —	2,749,150,317	—	2,749,150,317
Stable value option	—	1,737,383,125	—	1,737,383,125
Money market funds	—	2,935,658	—	2,935,658
Self directed brokerage account	24,404,510	—	—	24,404,510
Employer common stock	510,183,600	—	—	510,183,600
Total	$ 534,588,110	4,489,469,100	—	5,024,057,210

There were no transfers between levels 1 and 2 during the years ended December 31, 2014 and 2013. Additionally, there were no transfers into or out of level 3 during the years ended December 31, 2014 and 2013.

(5) Stable Value Option (SVO)

SVO holds investments in fully benefit responsive investment contracts. The SVO is comprised of seven synthetic guaranteed investment contracts (Synthetic GICs) that provide stable value guarantees and a cash and cash equivalent account, which collectively are managed by Invesco Advisers, Inc. (INVESCO). The Synthetic GICs are supported by investment portfolios holding a diversified mix of high quality, publicly traded, fixed income securities. As of December 31, 2014 and 2013, the investment sub advisors responsible for managing these investments with INVESCO were Black