



# Great-West

LIFE & ANNUITY INSURANCE COMPANY



2011 Report

## Corporate Headquarters

8515 E. Orchard Road, Greenwood Village, Colorado 80111

303.737.3000 • [www.greatwest.com](http://www.greatwest.com)



# CORPORATE PROFILE

Great-West Life & Annuity Insurance Company (Great-West) is a financial services company offering a wide range of life insurance, retirement and investment products and services. Our 3,200 employees serve individuals, businesses and other private and public organizations throughout the United States, Puerto Rico, Guam and the U.S. Virgin Islands.

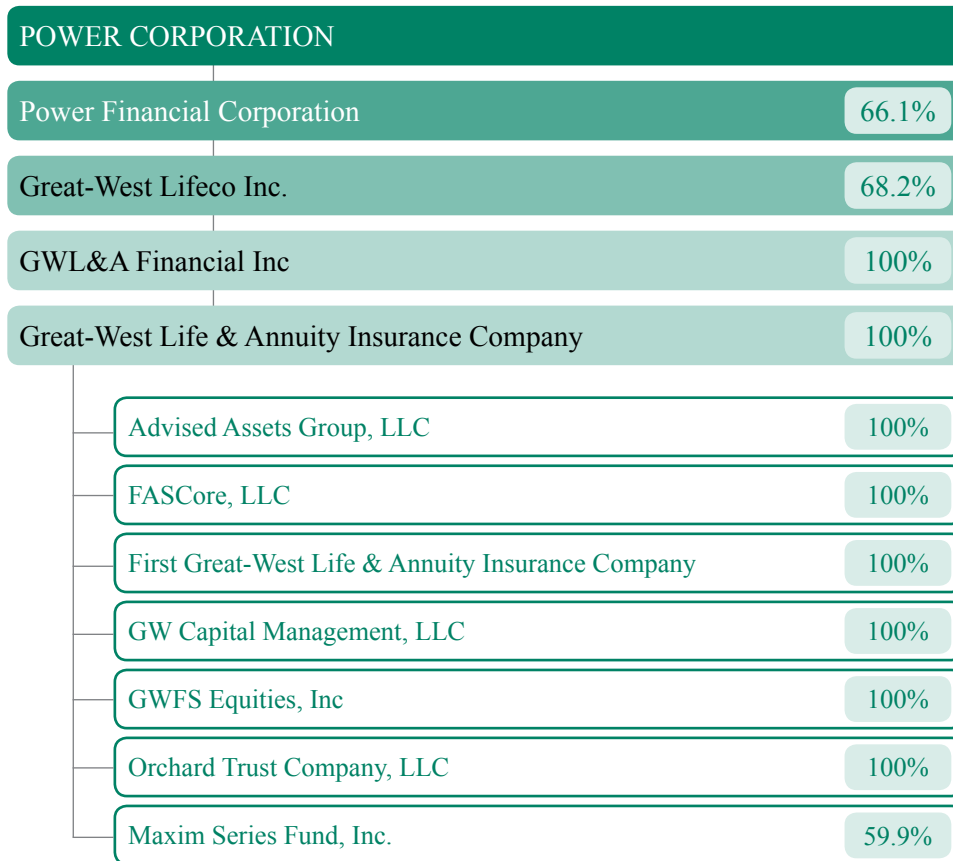
Headquartered in metro Denver with more than 50 offices around the country, Great-West distributes products and services through a network of direct sales professionals, brokers, consultants, advisors, third-party administrators and financial institutions.

Great-West provides a variety of retirement plan products and investment options as well as educational, enrollment and communication services to employer-sponsored defined contribution and associated defined benefit plans. Great-West and its subsidiaries offer fund management, investment and advisory services as well as comprehensive

administrative and record-keeping services for plan providers. Great-West also offers individual retirement accounts, life insurance and annuities, business-owned life insurance and executive benefits products.

With more than a century of financial strength and stability, Great-West has strong ratings from major rating agencies. For current ratings and more information about our company, visit [www.greatwest.com](http://www.greatwest.com).

Great-West is an indirect, wholly owned subsidiary of Great-West Lifeco Inc. and “A Member of the Power Financial Corporation Group of Companies”<sup>®</sup>. Great-West Lifeco Inc. is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Its subsidiaries make its family of companies the fifth largest by market value in the North American life insurance sector.



Great-West Life & Annuity Insurance Company is not licensed to conduct business in New York. Insurance products and related services are sold in New York by its subsidiary, First Great-West Life & Annuity Insurance Company, White Plains, New York.

“A Member of the Power Financial Corporation Group of Companies” is the registered mark of Power Corporation of Canada.



## PRESIDENT'S MESSAGE



Great-West continued to post solid results in 2011, with an \$11 million increase in net income over 2010. We also made significant progress on our five-year strategic plan. Key initiatives to increase sales, enhance service, increase assets under

management, and launch new products laid the groundwork for accelerated growth of our business.

Expanded distribution and diverse product offerings contributed to a 23% increase in corporate 401(k) plan sales, a 57% increase in community bank business-owned life insurance sales, and a jump in regional and national business-owned life large cases to nine in 2011 from three the previous year. Our individual retirement account (IRA) sales increased by 104%, and an agreement with a nationwide financial distributor created a new high-potential channel for corporate 401(k) sales.

We also added distribution partners to extend the reach of our life insurance and wealth transfer products to retail bank customers. These, as well as new online wholesaling tools, helped make Great-West the nation's top underwriter of universal life premium through banks in 2011 and the second largest in total new bank life premium in 2011, according to The Kehler-LIMRA Life Report, Fourth Quarter 2011.

Another new online sales tool aggregates information about 401(k) prospects, advisors, plans and sales metrics to increase opportunities and sales force productivity. Our new customer relationship management system consolidates legacy databases to improve service to retirement plan sponsors and partners and enhance client retention. We also introduced new corporate and retirement websites in 2011, providing additional tools and resources for clients while enhancing operational efficiency.

Our strategy to increase assets under management also is proving successful. The Maxim Lifetime Asset Allocation Series® mutual funds, which provide retirement target date options, and the Maxim SecureFoundation® Portfolios, which offer guaranteed lifetime income within retirement plans, together ranked 10th in net flows among U.S. target date offerings in 2011, according to Morningstar Direct data, with \$1.9 billion in assets at year end. In addition, a distribution education program helped increase asset retention through IRA rollovers by group plan participants.

New products also position Great-West to capitalize on investment trends. Our new hybrid business-owned life insurance product has captured an increasing share of sales in the community and regional bank markets, accounting for 26% of business-owned life sales in 2011. A collective trust product we introduced in 2011 provides target date asset allocation investment solutions to large corporate and government plan markets.

In 2012, to meet a growing consumer need for guaranteed lifetime income, we are introducing retail retirement income products for individuals. A corporate branding initiative also is under way to increase our company's recognition and create stronger brand equity in all of our markets.

On behalf of our Board of Directors, I wish to acknowledge the dedication of Great-West's employees and thank our clients, advisors, consultants and business colleagues for their continuing support.

Sincerely,

Mitchell T.G. Graye  
President and Chief Executive Officer



# FINANCIAL INFORMATION

## BALANCE SHEET

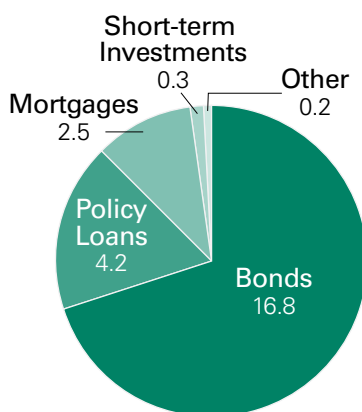
Dollars in Millions

	2011	2010
<b>ASSETS</b>		
Bonds	16,737.3	16,087.2
Mortgages	2,513.1	1,722.4
Policy loans	4,219.8	4,059.7
Short-term investments	332.8	964.5
Other investments	192.2	234.8
<b>TOTAL INVESTED ASSETS</b>	<b>23,995.2</b>	<b>23,068.6</b>
Cash	7.6	4.4
Receivables	979.1	1,037.6
Assets of discontinued operations*	39.6	62.1
Other assets	983.1	965.6
<b>TOTAL GENERAL ACCOUNT</b>	<b>26,004.6</b>	<b>25,138.3</b>
Separate Account assets	22,331.4	22,489.0
<b>TOTAL ASSETS</b>	<b>48,336.0</b>	<b>47,627.3</b>

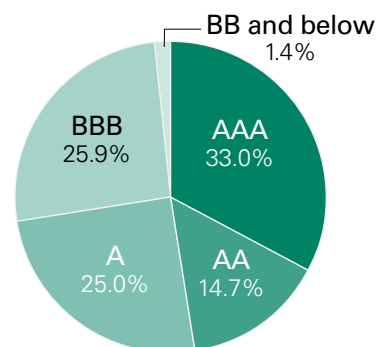
<b>LIABILITIES</b>		
Policyholder	22,597.4	21,160.3
General	1,373.2	2,135.8
Liabilities of discontinued operations*	39.6	62.0
Separate Account	22,331.4	22,489.0
<b>TOTAL LIABILITIES</b>	<b>46,341.6</b>	<b>45,847.1</b>
Stockholder's equity	1,994.4	1,780.2
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>48,336.0</b>	<b>47,627.3</b>

## INVESTED ASSETS

Dollars in Billions



## PORTFOLIO QUALITY



## STATEMENT OF INCOME

Dollars in Millions

	2011	2010	2009
<b>REVENUES</b>			
Premiums	523.2	805.6	560.3
Fee income	486.8	448.0	386.2
Net investment income	1,158.5	1,174.7	1,149.1
Net realized gains (losses)	24.5	(24.5)	(67.6)
<b>TOTAL REVENUES</b>	<b>2,193.0</b>	<b>2,403.8</b>	<b>2,028.0</b>
<b>BENEFITS AND EXPENSES</b>			
Policy benefits	645.6	628.9	590.5
Increase in future policy benefits	18.8	320.2	109.7
Interest paid or credited to contractholders	529.3	518.9	552.6
Provision for policyholders' share of earnings on participating business	2.9	2.2	1.2
Policyholder dividends	67.3	70.2	72.8
Operating expenses	614.8	586.5	535.3
<b>TOTAL BENEFITS AND EXPENSES</b>	<b>1,878.7</b>	<b>2,126.9</b>	<b>1,862.1</b>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	314.3	276.9	165.9
Income tax expense	100.2	72.5	41.4
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>214.1</b>	<b>204.4</b>	<b>124.5</b>
Loss from discontinued operations*	-	(1.6)	-
<b>NET INCOME</b>	<b>214.1</b>	<b>202.8</b>	<b>124.5</b>

\*Great-West completed the sale of its healthcare division in 2008 to focus on expanding its financial services business. The financial information presented here reflects the discontinuation of the healthcare business.

### Total Assets Administered

\$172.4 billion

### Individual Accounts

517,000

### FASCore Recordkeeping Accounts

4.4 million

### Return on Common Equity

11.3%

### Employees

3,200

### Offices

More than 50 locations across the country

All figures approximate as of December 31, 2011. FASCore recordkeeping numbers include customers of institutional clients, third-party administrator clients, and Great-West.



# DIRECTORS AND OFFICERS

## BOARD OF DIRECTORS

**Raymond L. McFeeters** <sup>(1) (3) (4) (6)</sup>

Chairman of the Board,  
Great-West Life & Annuity Insurance Company

Chairman of the Boards of Great-West Lifeco Inc., The  
Great-West Life Assurance Company, London Life Insurance  
Company, and The Canada Life Assurance Company

**James Balog** <sup>(1) (3) (4) (5)</sup>

Corporate Director

**John Bernbach** <sup>(4) (5)</sup>

Chief Operating Officer,  
Engine USA

**André Desmarais** <sup>(1) (3) (4) (6)</sup>

Deputy Chairman, President and Co-CEO,  
Power Corporation of Canada

Co-Chairman, Power Financial Corporation

**Paul Desmarais, Jr.** <sup>(1) (3) (4) (6)</sup>

Chairman and Co-CEO,  
Power Corporation of Canada

Co-Chairman, Power Financial Corporation

**Mitchell T.G. Graye** <sup>(1) (3)</sup>

President and CEO,  
Great-West Life & Annuity Insurance Company

**Alain Louvel** <sup>(2) (5)</sup>

Corporate Director

**Jerry E.A. Nickerson** <sup>(2)</sup>

Chairman of the Board,  
H.B. Nickerson & Sons Limited

**R. Jeffrey Orr** <sup>(1) (3) (4) (6)</sup>

President and CEO,  
Power Financial Corporation

**Michel Plessis-Bélair**

Vice Chairman,  
Power Corporation of Canada

**Henri-Paul Rousseau** <sup>(1) (3)</sup>

Vice Chairman,  
Power Corporation of Canada

**Raymond Royer** <sup>(2)</sup>

Corporate Director

**Philip K. Ryan** <sup>(1) (2) (3)</sup>

Executive Vice President and CFO,  
Power Corporation of Canada

Executive Vice President and CFO,  
Power Financial Corporation

**T. Timothy Ryan, Jr.** <sup>(1) (3)</sup>

President and CEO,  
Securities Industry and Financial Markets Association

**Brian E. Walsh** <sup>(1) (3) (4) (6)</sup>

Chairman and Chief Investment Officer,  
Saguenay Strathmore Capital, LLC

(1) Member of the Executive Committee

(2) Member of the Audit Committee

(3) Member of the Investment and Credit Committee

(4) Member of the Governance and Nominating Committee

(5) Member of the Conduct Review Committee

(6) Member of the Compensation Committee

## EXECUTIVE OFFICERS

**Mitchell T.G. Graye**

President and CEO

**Charles P. Nelson**

President, Great-West Retirement Services

**Robert K. Shaw**

Executive Vice President, Individual Markets

**S. Mark Corbett**

Executive Vice President and Chief Investment Officer

**Joseph S. Greene**

Senior Vice President and Chief Marketing Officer

**Scot A. Miller**

Senior Vice President and Chief Information Officer

**Richard G. Schultz**

Senior Vice President, General Counsel and Secretary

**James H. Van Harmelen**

Senior Vice President and Corporate Controller