



Making Sense of Market Volatility:

Retirement Planning Strategies for the Everyday Investor

October, 2008

What Does It Mean to Me?

- Most people have a personal stake in the health of our financial markets.
- For many of us, retirement savings are invested in stock, bond, and cash equivalent investment options.
- When the market drops, you could see your retirement account balance drop with it.
- A drop in the market raises some questions:
 - Should I stop saving?
 - Are my investments safe?
 - What should I do with my retirement account?



Thinking Long Term

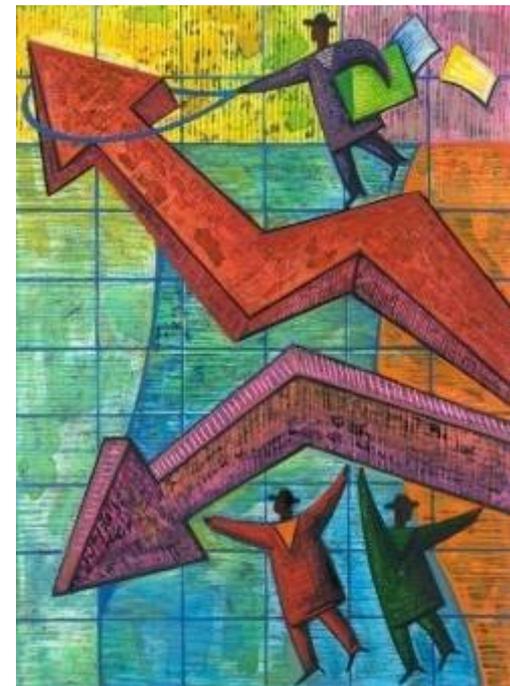
- Retirement planning is a long-term project.
- We don't know the full impact of recent events, but we do know the outcome of similar events in the past.
- Buying or selling investments in response to day-to-day market fluctuations can cost you in the long run.



An Emotional Reaction Can Cost You

- **September 29, 2008**
 - The Dow Jones Industrial average records its largest one-day point drop to date.*
- **September 30, 2008**
 - The Dow Jones Industrial average records its third largest one-day point gain to date.*

Investors who cashed out missed the bounce back and the opportunity to regain some lost value.



*http://money.cnn.com/2008/09/30/markets/markets_newyork/index.htm?cnn=yes

Adopting a Long-Term View

- If you missed the ten best days of the stock market in last 20 years . . .
- . . . your total return would be reduced from 10.2% to 7.6%

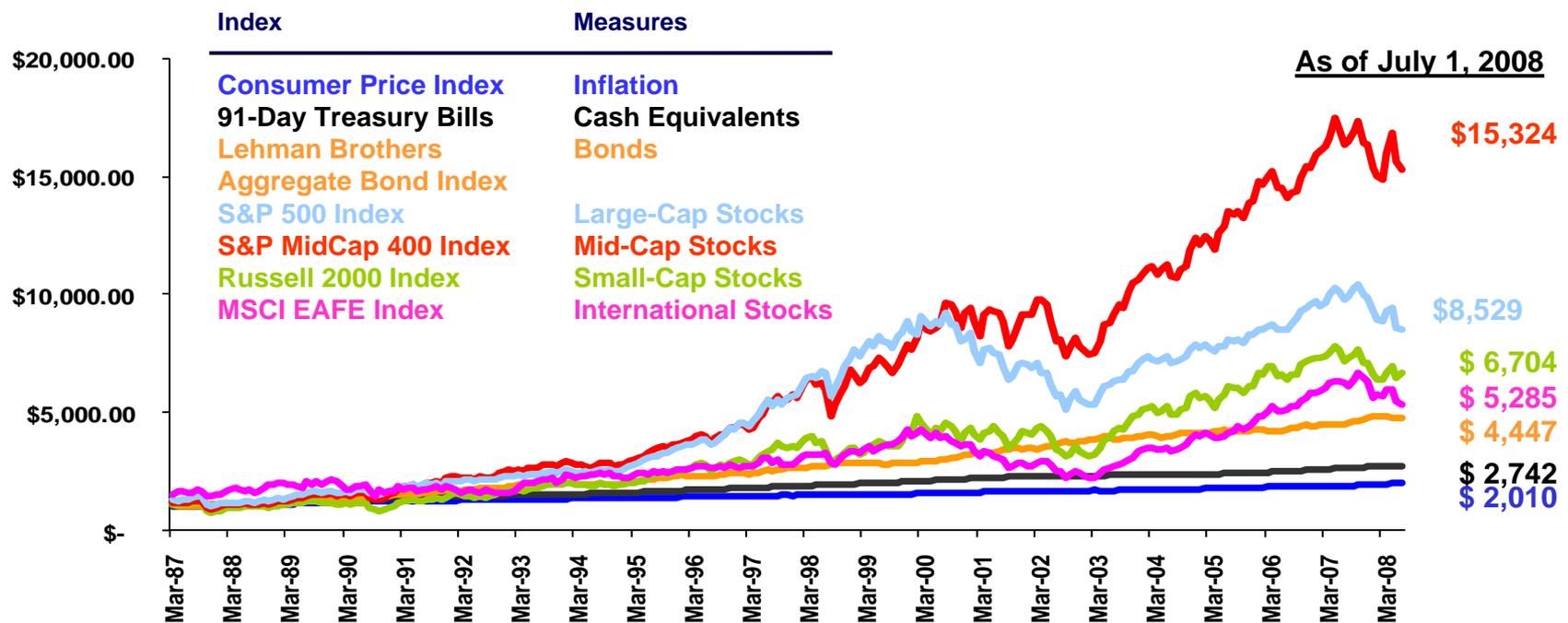


Source: Bloomberg , S&P 500 returns Sept. 18, 1988 through Sept. 17, 2008, all returns expressed as total returns. This chart is intended for illustrative purposes only; it is not intended as investment advice. Past performance is not a guarantee of future results.



Investing for the Long Term

Growth of \$1,000: March 1987 to July 2008



Source: Standard & Poor's, July 2008. For illustrative purposes only. The U.S. government guarantees the timely payment of principal and interest of Treasury bills, whereas the return and principal value of an investment in stocks and bonds will fluctuate with changes in market conditions. Bonds can offer fixed principal and yield when held to maturity. Index performance does not represent any particular securities product. You cannot invest directly in an index. *Past performance is not a guarantee of future results.*



Index Definitions

Consumer Price Index (CPI)

The CPI is an index which measures the price changes in consumer goods and services such as gasoline, food and automobiles.

91-Day Treasury Bills

U.S. Treasury securities are guaranteed as to the timely payment of principal and interest if held to maturity. Fund shares are neither issued nor guaranteed by the U.S. Government.

Lehman Brothers Aggregate Bond Index

The Lehman Brothers Aggregate Bond Index is an unmanaged index representative of the broad bond market and is composed of government and corporate bonds, mortgage-backed bonds and asset-backed bonds.

S&P 500® Index

The S&P 500® Index is an unmanaged index of the 500 largest common stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. “S&P 500®” is a trademark of The McGraw-Hill Companies, Inc.

S&P MidCap 400 Index

The S&P MidCap 400 is an unmanaged, market-weighted index consisting of 400 domestic stocks chosen for market size, liquidity and industry group presentation. “S&P MidCap 400 Index” is a trademark of The McGraw-Hill Companies, Inc.

Russell 2000 Index

The Russell 2000 Index is an unmanaged index measuring the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index consists of 3,000 stocks, primarily issued by U.S. companies, that includes issues of all sizes, from large to small capitalization companies.

MSCI EAFE Index

The MSCI EAFE Index is an unmanaged index representing the developed markets outside North America—Europe, Australasia and the Far East.



The Case for Long-Term Investing

Market Downturns and Market Recoveries
<p>If you were invested in the S&P 500 Index between August and December 1987, you would have experienced a loss of 25%.</p>	<p>If you had remained invested until July 1990, you would have experienced 44% growth.</p>
<p>Between July and October 1990, there was a 15% drop in the S&P 500 Index.</p>	<p>But from then to October 1993, the S&P 500 Index rose 54%.</p>
<p>From March 2000 to October 2002, the S&P 500 Index dropped 41%.</p>	<p>But from then until October 2005, it experienced a total return of 36%.</p>

Source: Compiled by Great-West Retirement Services from Yahoo® Finance, S&P 500 Historical Chart, 2008

Past performance is not a guarantee or prediction of future results.

An index is not professionally managed, does not have a defined investment objective, and does not incur fees or expenses. Therefore, performance of an index fund will generally be less than its benchmark index. You cannot invest directly in an index.





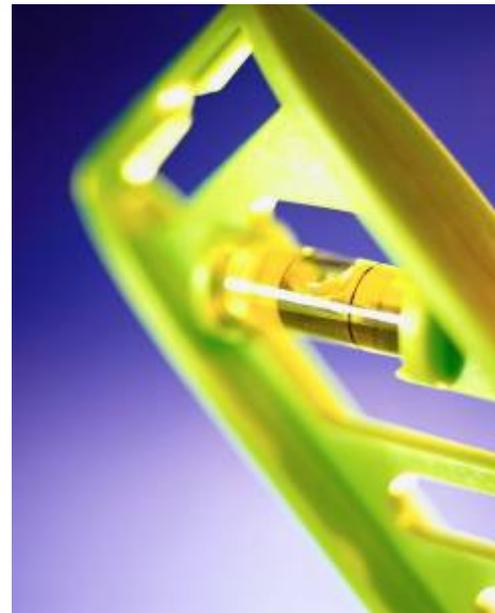
Steps You Can Take to Manage Risk



Preparing for Uncertain Markets

Tools for Managing Risk

- Asset Allocation/Diversification*
- Dollar cost averaging*
- Rebalancing*



*Diversification of an investment portfolio, dollar-cost averaging and rebalancing do not ensure the participant a profit nor will they protect against loss in a declining market. Investors should consider their financial ability to continue a dollar-cost averaging plan during periods of fluctuating price levels.



Asset Allocation

- The practice of spreading your investments across multiple asset classes (stocks, bonds, and cash equivalents).
- Helps reduce risk and smooth out market's ups and downs.
- Potentially increases investment results.
- Changes over time to reflect your evolving risk tolerance.



*Diversification of an investment portfolio does not assure a profit and does not protect against loss in declining markets.



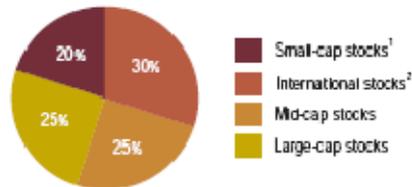
Asset Allocation: Know Your Investor Profile

INVESTOR PROFILE QUIZ						
	Strongly Disagree				Strongly Agree	
Your risk tolerance	1. I am a knowledgeable investor who understands the trade-off between risk and return, and I am willing to accept a greater degree of risk to gain the potential for higher returns.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
	2. I am willing to invest on a long-term basis.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
	3. If one of my investments dropped 20% in value over six months due to a stock market fluctuation, I would hold on to that investment, expecting to recover its value.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
	4. I have sources of savings other than my Plan that make me feel secure about my financial future.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
TOTAL SCORE:						
5. Time Horizon (Number of years until you expect to retire and/or take distributions.)	More Than 30 Years	<input type="checkbox"/>	11 to 29 Years	<input type="checkbox"/>	10 or Fewer Years	<input type="checkbox"/>
Your time horizon	Years to Retirement	Quiz Score 15-20	Quiz Score 9-14	Quiz Score 4-8		
	Using your results from the investment profile quiz and the number of years you have remaining until retirement, use the chart below to determine which investment profile best suits your needs.	30 or more	Aggressive	Moderately Aggressive	Moderate	
		11-29	Moderately Aggressive	Moderate	Moderately Conservative	
	10 or fewer	Moderate	Moderately Conservative	Conservative		
Your investor profile	6. What is your overall investment profile?	Aggressive	Moderately Aggressive	Moderate	Moderately Conservative	Conservative
		<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

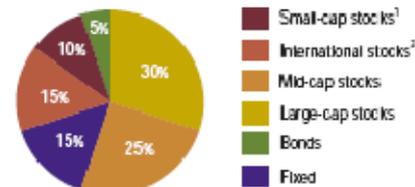


Asset Allocation: Choose an Asset Allocation Model

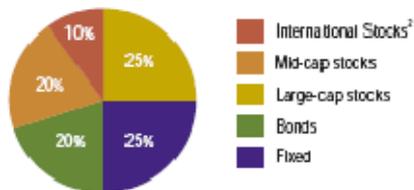
Aggressive Profile*



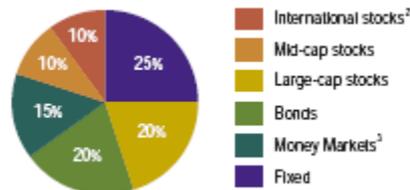
Moderately Aggressive Profile*



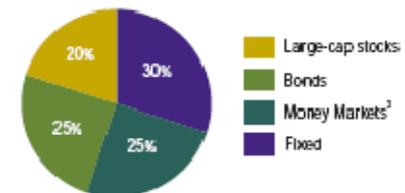
Moderate Profile*



Moderately Conservative Profile*



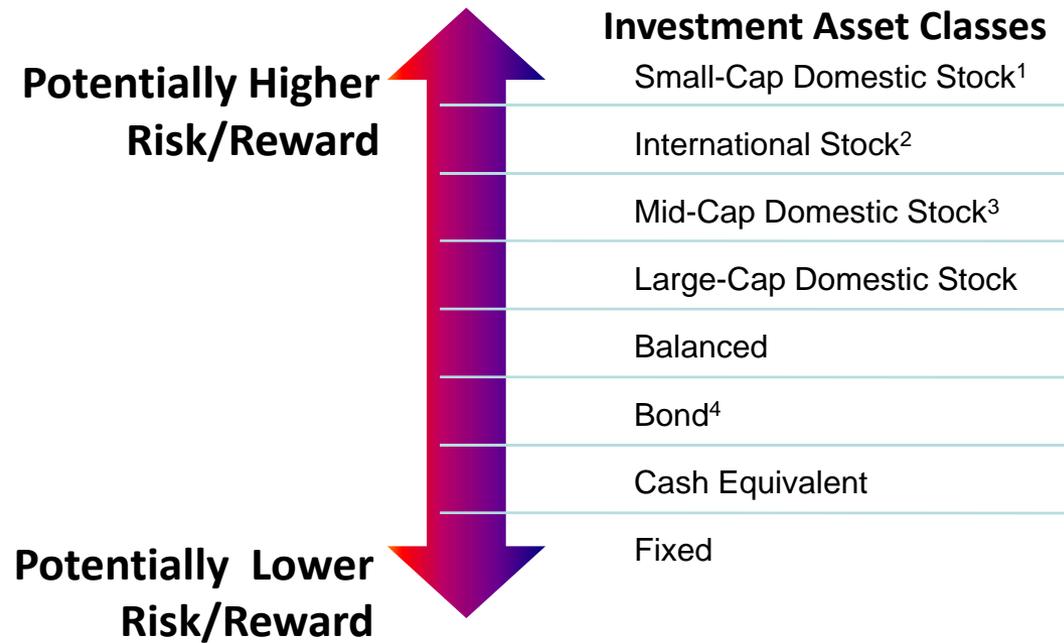
Conservative Profile*



* FOR ILLUSTRATIVE PURPOSES ONLY. Intended to illustrate possible investment portfolio allocations that represent an investment strategy based on risk and return. This is not intended as financial planning or investment advice.



Asset Allocation: Choose Investments that Match Your Profile



1. Equity securities of companies with relatively small market capitalization may be more volatile than securities of larger, more established companies.
2. Foreign investments involve special risks, including currency fluctuations and political developments.
3. Medium sized companies may suffer more significant losses as well as realize more substantial growth than larger capitalized, more established issuers.
4. A bond fund's yield, share price and total return change daily and are based on changes in interest rates, market conditions, economic and political news and the quality and maturity of its investments. In general, bond prices fall when interest rates rise and vice versa.



Dollar-Cost Averaging*

- A proven technique to reduce timing risk of entering stock market
- A simple, systematic investment approach
- You Invest fixed dollar amount at regular intervals
- As a result, you buy more shares when prices are low, fewer shares when prices rise.
- *You are doing this now with your Plan contributions!*



*Dollar-cost averaging does not ensure the participant a profit nor will it protect against loss in a declining market. Investors should consider their financial ability to continue a dollar-cost averaging plan during periods of fluctuating price levels.



Hypothetical Investment Using Dollar-Cost Averaging

Month	Amount Invested	Price per Share	Number of Shares
January	\$600	\$20	30
February	600	24	25
March	600	30	20
April	+ 600	+ 40	+ 15
Total	\$2,400	\$114	90

Average Price per Share

Sum of Prices	\$114
Number of Purchases	÷ 4
Average Price per Share	\$28.50

Average Cost per Share

Total Amount Invested	\$2,400
Number of Shares Purchased	÷ 90
Average Cost per Share	\$26.67

Dollar-cost averaging does not ensure the participant a profit nor will it protect against loss in a declining market. Investors should consider their financial ability to continue a dollar-cost averaging plan during periods of fluctuating price levels.



Rebalancing*

- A feature of your Plan's Web site & KeyTalk®
- Brings your investment allocation mix back to its original target
- To maintain a pre-determined allocation among a fixed mix of investments carefully selected to meet investors' long-term objective
- Rebalance accounts once, quarterly, semi-annually or annually



*Rebalancer does not assure a profit and does not protect against loss in declining markets. Investors should consider their financial ability to continue the Rebalancer feature during periods of fluctuating price levels.





Answering Your Questions



Questions on Mutual Funds

Q: How are mutual funds structured?

A: Mutual funds are generally more **diversified investments than individual stocks that** may help you reduce your investment risk, as they are generally invested in several underlying investments.

Because they are invested in several underlying investments, exposure to losses in any one investment that may have exposure, such as Lehman Brothers fund, should be limited.



Questions on Mutual Funds

Q: What happens if a mutual fund company that I am invested with goes under?

A: A mutual fund is owned by the fund shareholders, not the company managing it.

For instance, having a mutual fund with Lehman Brothers may only mean that they are managing the fund, **not necessarily that you are invested in Lehman Brothers stock.**



Questions on Mutual Funds

Q: Is my money invested in mutual funds protected?

A: Mutual fund assets are kept in a custodial account, where they are protected from claims by creditors if the holding or managing company files for bankruptcy.

Mutual fund assets are also generally made up of a variety of investments, so your mutual fund investment could already be diversified, and therefore, may not suffer as much impact.



Questions on Mutual Funds

Q: Are my funds covered by FDIC insurance?

A: No, they are not. However, there are regulations in place that can protect your assets like the Investment Company Act of 1940 which includes regulations related to the structure and operations of mutual funds.

It requires that mutual funds maintain thorough books and records, safeguard their portfolio securities and file semi-annual reports with the SEC.



What If Great-West Is Affected?

Q: What is the level of exposure I have in my defined contribution plan with Great-West?

A: Generally, tax-qualified defined contribution retirement plan assets are required to be held in trust for the exclusive benefit of participants.

These assets are not subject to creditors of the sponsoring organization. Plan participants may have exposure to market fluctuations based on their current investment allocations.

For more information on your investment allocations, please contact your (Registered Representative/Plan Sponsor) or visit the Plan's Web site.

- » (phone number)
- » (web address)



What If My Employer Is Affected?

Q: Do I have protection if my employer incurs similar financial problems as AIG?

A: Tax-qualified retirement plan assets are required to be held in trust for the exclusive benefit of participants.

These assets are not subject to creditors of the sponsoring organization.

Your defined contribution plan will *not be affected by your company's* financial situation unless you are eligible and have allocated some of your portfolio into your employer's company stock, or if your asset allocation has significant exposure to your employer's stock.



The Bottom Line

- Don't react emotionally to market volatility.
- Continue with your long-term strategy.
- Make sure your asset allocation approach fits your goals and risk tolerance.
- Continue to invest to capitalize on dollar cost averaging.
- Rebalance your portfolio, if necessary, to make sure it's in line with your strategy.
 - (plan web site)
 - (KeyTalk number)



Questions?

Please remember that employees of Great-West Retirement Services and the [Plan sponsor] cannot give tax, legal or investment advice.

Securities, when offered, are offered through GWFS Equities, Inc., a wholly owned subsidiary of Great-West Life & Annuity Insurance Company and an affiliate of FAScore, LLC (FAScore Administrators, LLC in California) and First Great-West Life & Annuity Insurance Company, White Plains, New York.

Great-West Retirement Services® refers to products and services provided by Great-West Life & Annuity Insurance Company, FAScore, LLC (FAScore Administrators, LLC in California), First Great-West Life & Annuity Insurance Company, White Plains, New York and their subsidiaries and affiliates. Other products and services may be sold in New York by FAScore, LLC. Core investment options may be offered through a combination of mutual funds, collective trust funds, and/or a group fixed and variable deferred annuity issued by Great-West Life & Annuity Insurance Company. 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.

Great-West Retirement Services®, KeyTalk®, and the Partnership Logo are service marks of Great-West Life & Annuity Insurance Company. All rights reserved. ©2008 Great-West Life & Annuity Insurance Company.
Form# PT70255 (10/08)

