

Great-West Lifeco

Enhancing the Supplemental Information Package (SIP)

March 17, 2025

Cautionary Notes

Lifeco Overview

Great-West Lifeco Inc. (GWO, Lifeco or the Company) is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management, and reinsurance businesses, primarily in Canada, the United States, and Europe through its operating subsidiaries including The Canada Life Assurance Company, Empower Annuity Insurance Company of America and Irish Life Group Limited. Lifeco is a member of the Power Corporation group of companies. The results of Putnam Investments are classified as discontinued operations.

Lifeco results are presented by segment and by line of business. The segments are United States (U.S.), Canada, Europe, Capital and Risk Solutions, and Corporate. Segment results are presented by lines of business: Retirement, Wealth, Group Benefits, Insurance & Risk Solutions and Corporate as applicable. Lines of business are aggregated at the Lifeco level. Results are presented in millions of Canadian dollars unless otherwise indicated.

Earnings results for each segment include a Drivers of Earnings (DOE) view for insurance related business and a Statement of Base Earnings view for Retirement and Wealth lines of businesses.

Certain figures are denoted as "restated" as a result of reclassifications and adjustments to conform to the presentation of results in 2025 and will align with the Company's reported financial results beginning in the first quarter of 2025. These reclassifications and adjustments had no impact on the total equity, base earnings or net earnings of the Company.

On January 1, 2024, Lifeco completed the previously announced sale of Putnam US Holdings I, LLC (Putnam Investments), excluding PanAgora Holdings Inc. and its subsidiary PanAgora Asset Management Inc. (collectively, PanAgora) to Franklin Resources, Inc., operating as Franklin Templeton. The net losses associated with Putnam Investments have been classified as discontinued operations within the Company's United States operating segment for Q1 2024.

Cautionary Note: *This document contains some non-GAAP financial measures and non-GAAP ratios as defined in National Instrument 52-112 "Non-GAAP and Other Financial Measures Disclosure". Terms by which non-GAAP financial measures are identified include, but are not limited to, "base earnings (loss)", "base earnings (loss) - pre-tax", "base earnings - insurance service result", "base earnings - net investment result", "assets under management or advisement", "client assets", "assets under administration", "gross operating and administrative expenses" and "non-par base operating and administrative expenses". Terms by which non-GAAP ratios are identified include, but are not limited to, "base earnings per common share (EPS)", "base dividend payout ratio", "base return on equity (ROE)", "base ROE excluding Corporate", and "efficiency ratio". Non-GAAP financial measures and ratios are used to provide management and investors with additional measures of performance to help assess results where no comparable GAAP (IFRS) measure exists. However, non-GAAP financial measures and ratios do not have standard meanings prescribed by GAAP (IFRS) and are not directly comparable to similar measures used by other companies. Additional information regarding these non-GAAP financial measures and non-GAAP financial ratios has been incorporated by reference and can be found in the "Glossary" and "Appendix" sections of the updated Supplemental Information Package as well as in the Non-GAAP Financial Measures and Ratios section of the Company's Q4 2024 Management's Discussion and Analysis (MD&A), where applicable, available for review on SEDAR at www.sedarplus.com.*

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Great-West Lifeco is enhancing its Supplemental Information Package (SIP)

- More in-depth look into the performance of operating segments
- Reflect Lifeco's shifting business mix towards Retirement & Wealth
- Mix of value-add products and solutions within Assets under Administration

There is no change to Lifeco base or net earnings or Return on Equity (ROE), or Total Assets under Administration, on a consolidated basis.

Summary of Key Changes (1/2)

	Key Changes	Description	Rationale	SIP page reference
1	Separating Workplace Solutions	<ul style="list-style-type: none"> Workplace Solutions separated into Retirement and Group Benefits (previously Group Life & Health) 	<ul style="list-style-type: none"> To enhance users' understanding of key drivers of Lines of Business (LoB) performance To highlight scale of Lifeco's Retirement business 	9,10
2	Renaming the Value Drivers	<ul style="list-style-type: none"> 'Value Drivers' now called 'Lines of Business' (LoB) <ul style="list-style-type: none"> ❑ 'Wealth & Asset Management' (WAM) renamed 'Wealth' (for Europe it includes reporting on Asset Managers) ❑ 'Group Life & Health' (GLH) renamed 'Group Benefits' 	<ul style="list-style-type: none"> To better align with the nature of the businesses 	9
3	Reclassifying certain expenses, financing charges, and related taxes	<ul style="list-style-type: none"> Reclassified to Corporate certain expenses, financing charges, and related taxes and other items that are not directly associated with the operating segments. Corporate now includes holding company operating costs, financing costs, surplus assets and certain businesses or results that are not part of Empower DC or Empower PW businesses 	<ul style="list-style-type: none"> To better reflect the performance of each operating segment Note there is no change to Lifeco base or net earnings on a consolidated basis. 	10,39
4	Reclassification of certain businesses or results previously attributed to Empower	<ul style="list-style-type: none"> PanAgora, Franklin Templeton (BEN) shareholdings, U.S. legacy insurance portfolios, and Guaranteed Lifetime Withdrawal Benefit (GLWB) product moved to Corporate from the U.S. segment 	<ul style="list-style-type: none"> To better highlight the results of Empower and exclude results that are not part of Empower's main businesses Note there is no change to Lifeco base or net earnings on a consolidated basis. 	10,39
5	Reformatting Drivers of earnings (DOE)	<ul style="list-style-type: none"> Retirement and Wealth are no longer grouped together with Other fee income in the DOE Base earnings before taxes are shown for each of the Retirement and Wealth businesses 	<ul style="list-style-type: none"> To isolate contribution of Retirement and Wealth results from other LoB results 	11,19, 20,26, 31,36,39

Summary of Key Changes (2/2)

Key Changes	Description	Rationale	SIP page reference
6 Retirement and Wealth statement of base earnings view	<ul style="list-style-type: none"> Retirement and Wealth results are now shown as statements of base earnings format, rather than Drivers of Earnings (DoE) 	<ul style="list-style-type: none"> Profit & Loss (P&L) views are more appropriate for businesses driven by Assets under Administration (AUA). DoE is more appropriate for insurance-related businesses 	12-13, 21-24, 27-28, 32-33
7 More granular Total Assets under Administration (Total AUA) disclosure	<ul style="list-style-type: none"> Disclosure updated to Assets Under Management or Advisement (AUMA), Assets under Administration Only (AUAO), the total of which is Total Client Assets, and when combined with Other assets on balance sheet equals Total Assets under Administration (Total AUA)¹ 	<ul style="list-style-type: none"> To allow greater visibility into scale of wealth management and value-added solutions within the portfolio 	41
8 More focused Group Benefits disclosures	<ul style="list-style-type: none"> Focus on ending in-force premiums Separate disclosures for 'Insured' and 'ASO & other' 	<ul style="list-style-type: none"> To provide more insight into growth and economics of Group Benefits business 	29,34
9 Efficiency Ratio	<ul style="list-style-type: none"> Introduced an Efficiency Ratio within Operating Expenses 	<ul style="list-style-type: none"> To provide greater transparency with respect to expense management discipline 	14
10 Restated segment Return on Equity (ROE)	<ul style="list-style-type: none"> The consolidated Lifeco ROE remains unchanged Adjusted segment ROEs to reflect the changes in the 2025 segment base earning allocations (as summarized above) Updated capital allocation methodology to track allocated capital required by each segment on a standalone basis 	<ul style="list-style-type: none"> Reflect updates from key changes 3 and 4 	6

The unaudited SIP comparative segment results for 2024 and 2023 have been restated to conform with the 2025 segment classifications noted above.

1) Refer to the "Glossary" section of this document for full description of AUMA, AUAO, Total Client assets and Total AUA

Aligning Line of Business disclosure more closely to underlying earnings drivers

New format for 2025

		Operating Segments			
Lines of Business		U.S	Canada	Europe	Capital and Risk Solutions
Separated Workplace Solutions	Retirement	✓	✓	✓	
	Wealth	✓	✓	✓	
	Group Benefits		✓	✓	
	Insurance & Risk Solutions		✓	✓	✓

Primary business

Retirement serves the retirement needs of customers, primarily through employer plan sponsor-enabled relationships

Wealth focuses on advice-enabled wealth management solutions for retail customers. This includes retail savings and wealth products in Canada and Empower Personal Wealth. Europe includes retail savings, wealth products and European asset managers

Group Benefits serves the insurance needs of customers primarily through employer plan sponsor-enabled relationships including Group Life & Health, and other group businesses (e.g. administrative services only (ASO) and other fee-based products)

Insurance & Risk Solutions includes life insurance, disability, and critical illness coverage for individuals, and payout annuities for individuals and pension plans. Also includes reinsurance related to traditional mortality & longevity covers, P&C Catastrophe covers, as well as customized capital & risk management solutions for institutional clients

Note: Earnings on surplus assets & other will be presented separately for operating segments. Corporate segment not included above

Reclassifying certain items to Corporate segment

2024 Base Earnings ¹ (C\$M)	United States	Canada	Europe	CRS	Corporate	Total Lifeco
Base Earnings – 2024 Presentation	1,336	1,262	829	818	(53)	4,192
<i>Reclassifications:</i>						
Expenses (pre-tax)	27	53	35	17	(132)	-
Financing charges (pre-tax)	206	153	103	26	(488)	-
Taxes	(105)	(50)	(21)	(5)	181	-
<i>Other impacts:</i>						
PanAgora (after-tax)	5	-	-	-	(5)	-
Franklin Templeton share dividends (after-tax)	(65)	-	-	-	65	-
U.S. legacy insurance portfolios (after-tax)	(4)	-	-	-	4	-
GLWB Product (after-tax)	8	-	-	-	(8)	-
Total Reclassifications	72	156	117	38	(383)	-
Base Earnings – 2024 Reclassified	1,408	1,418	946	856	(436)	4,192

Reclassified certain central operating expenses, financing charges, and related taxes and other items, that are not directly associated with the operating segments to Corporate

PanAgora, Franklin Templeton shares, U.S. legacy insurance portfolios, Guaranteed Lifetime Withdrawal Benefit (GLWB) product moved from U.S. to Corporate

See appendix for Net Earnings

1. This is a non-GAAP financial measure. Additional information about this measure is incorporated by reference and can be found in the "Non-GAAP Financial Measures and Ratios" section of the Company's 2024 Annual MD&A, which is available on SEDAR+ at www.sedarplus.com

Reformatting Drivers of Earnings (DOE)

Previous Lifeco DOE view

(C\$MM)	Fiscal 2024
Drivers of earnings analysis (base)	
Expected insurance earnings	3,018
Risk adjustment release	438
CSM recognized for services provided	999
Short-term insurance contracts	1,581
Impact of new insurance business	(5)
Insurance experience gains and losses	127
Base earnings - insurance service result¹	3,140
Expected investment earnings	294
Credit experience	(70)
Trading activity	147
Earnings on surplus	767
Base earnings - net investment result¹	1,138
Net fee and spread income	2,208
Non-directly attributable and other expenses	(1,264)
Income taxes on base earnings	(901)
Non-controlling interests, preferred dividends and other	(129)
Base earnings¹	4,192



New Lifeco DOE view

(C\$MM)	Fiscal 2024
Drivers of earnings analysis (base)	
Expected insurance earnings	2,549
Risk adjustment release	398
CSM recognized for services provided	570
Short-term insurance contracts	1,581
Impact of new insurance business	(5)
Insurance experience gains and losses	192
Base earnings - insurance service result¹	2,736
Expected investment earnings	290
Credit experience	(13)
Trading activity	152
Earnings on surplus	762
Base earnings - net investment result¹	1,191
Net fee income and other	106
Base earnings - Retirement (pre-tax)	1,494
Base earnings - Wealth (pre-tax)	857
Non-directly attributable and other expenses	(760)
Financing costs	(402)
Base earnings - pre-tax¹	5,222
Income taxes on base earnings	(901)
Non-controlling interests, preferred dividends and other	(129)
Base earnings¹	4,192

Reallocation of net fee income, and insurance service results and net investment results primarily related to segregated fund business, to Base earnings - Retirement and Wealth

Financing costs previously in non-directly attributable expenses, shown as a separate line item

Retirement and Wealth earnings move to statement of earnings (base) view

New statement of earnings (base) view

Selected Example from Lifeco - Retirement

(C\$MM)	Fiscal 2024
Statement of earnings analysis (base)¹	
Fee and spread income	5,313
Less: Asset-based expenses and commissions	(900)
Net fee and spread income	4,413
Credit experience	(57)
Other operating expenses	(2,862)
Base earnings before tax²	1,494
Income taxes on base earnings	(285)
Base earnings²	1,209
Pre-tax base operating margin¹	
Base earnings before tax	1,494
Add: depreciation and amortization	70
Pre-tax base operating earnings	1,564
Pre-tax base operating margin	29.4 %

Fee and spread income represents total of asset-based fee income, other fee-income and spread income gross of expenses

Asset-based expenses and commissions represent the variable expenses incurred when generating fee and other income

Other operating expenses represent all other operating expenses incurred by the Line of Business to generate fee and spread income e.g. salaries and benefits, general and administration, amortization and other costs

Pre-tax base operating margin represents base earnings before financing costs, tax, depreciation and amortization as a % of Fee and spread income

More granular Assets under Administration (AUA) disclosure

New Lifeco – Assets under Administration view

(C\$MM)	Fiscal 2024
Total Lifeco³	
Assets under administration¹	
Assets under management or advisement ²	1,006,384
Assets under administration only ²	2,026,945
Total client assets²	3,033,329
Other assets on balance sheet	232,969
Total assets under administration	3,266,298
<i>of which: Total balance sheet assets</i>	<i>802,163</i>
<i>of which: Invested assets</i>	<i>243,785</i>

See appendix for Reconciliation to previous Assets under Management (AUM)

Assets Under Management or Advisement (AUMA):

Client assets where Lifeco earns a fee for one or more of the following services: investment management services for proprietary funds or institutional assets, discretionary portfolio management on behalf of clients, and/or the provision of financial advice. AUMA relate to the Company's Retirement and Wealth lines of business only

Assets under Administration Only (AUAO):

Client assets where Lifeco only provides administration services for which the Company earns fees and other income, e.g. recordkeeping fees, brokerage fees, etc.

Other assets on balance sheet represent balance sheet assets not part of client assets, e.g. insurance contract assets, goodwill & intangibles, etc.

Total Assets under Administration (Total AUA): Combination of the three items above

Invested Assets include cash, bonds, mortgages loans, stocks and investment properties

Rationale: Lifeco provides value-added advice and products to clients, generating additional fees

More focused Group Benefits disclosure

Previous Group Benefits view

Selected Example from Canada

(C\$MM)	Fiscal 2024
Group Life & Health book premiums¹	
Beginning	14,843
New sales	946
Terminations	(909)
Organic book growth	786
Ending Group Life & Health book premiums	15,666
Sales¹	
Group Life & Health	963



New Group Benefits view

Selected Example from Canada

(C\$MM)	Fiscal 2024
Group Benefits	
Sales - Group Benefits (Insured) ¹	349
Sales - Group Benefits (ASO & other fee-based products) ¹	614
Group Benefits in-force premiums (Insured) ¹	7,395
Group Benefits fee and other income (ASO & other fee-based products) ¹	443

Insured represents value of in-force premiums at the end of the reporting period where Lifeco underwrites the insurance risks of a group benefits solution

ASO & other fee-based products represents administrative services only (ASO) and other fee-based income where clients self-insure the products and the Company administers it on their behalf, and other ancillary services

Introducing Efficiency ratio within operating and administrative expenses

Previous Lifeco expenses view

(CSMM)	Fiscal 2024
Operating and administrative expenses	
Salaries and other employee benefits	5,059
General and administrative	1,889
Interest expense on leases	14
Amortization of fixed assets	87
Depreciation of right-of-use assets	54
Subtotal gross operating and administrative expenses	7,103
Insurance-related expenses, commissions and sub-advisory costs	1,645
Total as reported as at December 31, 2024	8,748

Insurance related expenses is an adjustment for directly attributable expenses that are reported in insurance revenue or net finance income (expenses) on the consolidated statements of earnings. **Commissions and sub-advisory costs**, which are variable in nature, are excluded for efficiency ratio purposes

New Lifeco expenses view

(CSMM)	Fiscal 2024
Expenses by type (pre-tax)	
Salaries and other employee benefits	5,059
General and administrative	1,889
Interest expense on leases	14
Amortization of fixed assets	87
Depreciation of right-of-use assets	54
Gross operating and administrative expenses¹	7,103
Participating account	(232)
Total non-par operating and administrative expenses	6,871
Items excluded from base earnings (pre-tax)	(32)
Total non-par base operating and administrative expenses (pre-tax)²	6,839
Total non-par base operating and administrative expenses (pre-tax) (CER) ³	6,736
Efficiency ratio⁴	56.7%

Efficiency ratio:

Non-participating base operating and admin expenses as a percentage of pre-tax base earnings and non-participating base operating and admin expenses. Calculated on a trailing four quarter basis

Note: The unaudited SIP comparative segment results for 2024 and 2023 have been restated to conform with the 2025 segment classifications noted above. 1. Gross operating and administrative expenses is a non-GAAP financial measure, which excludes certain insurance-related expenses, commissions and sub-advisory fees. For fiscal 2024 and fiscal 2023, \$1,645 million and \$1,332 million were excluded for these items. 2. Non-par base operating and administrative expenses exclude business transformation costs and other expenses that are excluded from base earnings. 3. Constant exchange rate (CER) metrics are calculated using the average quarterly foreign exchange rates in effect for income and expenses at the date of the comparative period. These measures increase comparability of results between periods by removing the impacts of changes in foreign exchange rates. 4. Efficiency ratio is a non-GAAP ratio and is calculated as: non-participating base operating and administrative expenses (pre-tax) / (base earnings (pre-tax) + non-participating base operating and administrative expenses (pre-tax)). The ratio is calculated on a trailing four quarter basis.

Appendix

GREAT-WEST
LIFECO INC.

canada  life™


EMPOWER

 Irish Life

Reclassifying certain items to Corporate segment

2024 Net Earnings* (C\$M)	United States	Canada	Europe	CRS	Corporate	Total Lifeco
Net Earnings – 2024 Presentation	1,118	1,484	813	618	(22)	4,011
<i>Reclassifications:</i>						
Expenses (pre-tax)	27	53	35	17	(132)	-
Financing charges (pre-tax)	206	153	103	26	(488)	-
Taxes	(105)	(50)	(21)	(5)	181	-
Sub-Total	128	156	117	38	(439)	-
<i>Other impacts:</i>						
PanAgora (after-tax)	10	-	-	-	(10)	-
Franklin Templeton share dividends (after-tax) ¹	(36)	-	-	-	36	-
U.S. legacy insurance portfolios (after-tax)	1	-	-	-	(1)	-
GLWB Product (after-tax)	8	-	-	-	(8)	-
Total Reclassifications	111	156	117	38	(422)	-
Net Earnings* – 2024 Reclassified	1,229	1,640	930	656	(444)	4,011

Reclassified certain central operating expenses, financing charges, and related taxes and other items, that are not directly associated with the operating segments to Corporate

PanAgora, Franklin Templeton shares, U.S. legacy insurance portfolios, Guaranteed Lifetime Withdrawal Benefit (GLWB) product moved from U.S. to Corporate

1. Includes certain business transformation costs that were excluded from base earnings in the fourth quarter of 2024.

* From continuing operations

More granular Assets under Administration (AUA) disclosure

Reconciliation to New AUMA

New AUA view

Reported Q4 2024
AUM as per MD&A

	Fiscal 2024
Assets under Management	1,039,405
Remove: Other assets on balance sheet not related to Retirement or Wealth 3rd party client assets	(232,792)
Add: Assets where advisory services are provided	199,771
Assets under management or advisement²	1,006,384

	Fiscal 2024
(C\$MM)	
Total Lifeco³	
Assets under administration¹	
Assets under management or advisement ²	1,006,384
Assets under administration only ²	2,026,945
Total client assets²	3,033,329
Other assets on balance sheet	232,969
Total assets under administration	3,266,298
<i>of which: Total balance sheet assets</i>	<i>802,163</i>
<i>of which: Invested assets</i>	<i>243,785</i>

Note: The unaudited SIP comparative segment results for 2024 and 2023 have been restated to conform with the 2025 segment classifications noted above. 1. Assets under administration is a non-GAAP financial measure. Assets under administration provides an indicator of the size and volume of the Company's overall business. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends. Total assets under administration includes total assets per financial statements, proprietary mutual funds and institutional assets and other assets under administration. 2. Refer to the "Glossary" section of this document for additional detail regarding these metrics. 3. Total Lifeco assets under administration includes assets under management related to PanAgora Asset Management included in the Corporate segment

Drivers of Earnings - Glossary

Drivers of earnings	Description	Characteristics
Expected insurance earnings		
Risk adjustment release	Release of in-period insurance risk margins into profit for non-Premium Allocation Approach (PAA) insurance contracts.	Stable period to period and emerges predictably into earnings assuming cash flows materialize as expected.
CSM recognized for services provided	Contractual service margin (CSM) recognized for services provided in-period. A representation of earned profit recognized in-period relating to non-PAA insurance contracts.	Stable period to period and emerges predictably into earnings.
Short-term insurance earnings	Represents expected profits from Group Life & Health and other short-term insurance contracts measured under the PAA measurement model. Excludes fee-based service contracts and experience gains and losses.	Stable period to period and emerges predictably into earnings. Growth in expected short-term insurance earnings is driven by organic growth of in-force business, margins and net sales.
Impact of new insurance business	Represents “onerous” contracts written in-period. Onerous contracts may become non-onerous as a result of subsequent measurement.	Onerous contracts expected to comprise a small proportion of in-force business.
Insurance experience gains and losses	Represents the difference between actual insurance experience and beginning of period expectation for claims and expense cash flows that do not adjust the CSM.	More volatile period to period reflecting actual claims experience. Majority of insurance experience gains and losses that impact current quarter earnings relate to group and individual life mortality, group and individual morbidity and expense gain/loss. Annuitant mortality, lapse and policyholder behaviour experience which mainly impact future fulfilment cash flows are typically reflected in adjustments to the CSM and accordingly will impact earnings in future periods.
Base earnings – insurance service result		
Expected investment earnings	Represents the difference between management’s expected return on assets backing insurance contract liabilities and the unwinding of discount rates used to measure corresponding insurance contract liabilities. Includes the release of the allowance for credit risk included in the discount rates into profit.	Relatively stable period to period. Impacted by prevailing interest rates.
Credit experience	Impact of downgrades, upgrades and impairments on assets held to back insurance contract liabilities; Impact of impairments on assets held to back general account liabilities; and changes in expected credit losses on assets supporting surplus.	Variability period to period due to actual credit experience.
Trading activity	Impact of trading activity on fixed income assets in certain asset portfolios supporting liabilities	Variability period to period due to actual trading activity and new business volumes.
Earnings on surplus	Represents expected investment income on surplus assets net of associated investment expenses. Base earnings on surplus excludes mark-to-market impacts on surplus assets as well as realized gain/losses on surplus assets held at fair value through other comprehensive income (OCI).	Relatively stable period to period. Grows with surplus asset balance and corresponding asset returns.
Base earnings – net investment result		
Net fee income and other	Represents net fee income earned, covering businesses such as administrative services only (ASO) insurance contracts; as well as the par transfer on participating account business; and other fees not associated with Retirement and Wealth business. Includes the expenses attributable to these businesses.	Non asset-based fee income will correspond with non-asset based drivers (e.g. participants or claims volumes) as well as expense margins.
Base earnings - Retirement (pre-tax)	Represents the pre-tax base earnings from the Retirement line of business. Includes net investment result, fee and other income as well as expenses relating to the Retirement line of business.	Earnings will correspond with level of client assets driven by business growth and macroeconomic factors, participant growth and expense margins.
Base earnings - Wealth (pre-tax)	Represents the pre-tax base earnings from the Wealth line of business, which includes earnings related to certain segregated fund products.	Earnings will correspond with level of client assets driven by business growth and macroeconomic factors, participant growth and expense margins.
Non-directly attributable and other expenses	Represents non-directly attributable insurance contract expenses as well as financing costs and amortization of finite life intangible assets (excluding amortization of acquisition-related finite life intangible assets).	Non-directly attributable and other expenses should grow at pace with overall business growth.
Financing costs	Represents financing costs of the Company.	Relatively stable period to period. Impacted by financing activities undertaken by the Company
Base earnings (loss) – pre-tax		

Drivers of Earnings - Glossary

Drivers of earnings	Description	Characteristics
Items excluded from base earnings		
Market experience relative to expectations	<p>The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:</p> <ul style="list-style-type: none"> the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets; the impact on segregated fund guarantee liabilities not hedged; the market-related impacts that are different than expectations on surplus assets, general account assets and the insurance and investment contract liabilities they support; other market impacts on general account assets and the insurance and investment contract liabilities they support that cannot be attributed to expectations within the period. 	Significant volatility which arises from changes in risk-free interest rates, credit spreads and over (under) performance of non-fixed income assets relative to management's expectations.
Assumption changes and management actions	The net earnings impact of: (i) revisions to the methodologies and assumptions used in the measurement of the Company's assets, insurance contract liabilities and investment contract liabilities, and (ii) actions taken by management in the current reporting period which include, but are not limited to, changes in in-force product features (including prices), and new or revised reinsurance deals on in-force business. Assumption changes and management actions are excluded from base earnings.	Based on experience. Moderated impacts compared to IFRS 4 as certain assumption changes adjust the CSM rather than impacting earnings.
Other items excluded from base earnings	<p>Business transformation impacts, which include acquisition and divestiture costs as well as restructuring and integration costs;</p> <p>Amortization of acquisition related finite life intangible assets;</p> <p>Material legal settlements, material impairment charges related to goodwill and intangible assets, impacts of income tax rate changes and other tax impairments, net gains, losses or costs related to the disposition or acquisition of a business; net earnings (loss) from discontinued operations and other items that, when removed, assist in explaining the Company's underlying business performance.</p>	Includes items that are typically less predictable and are not indicative of the Company's underlying business performance.
Total items excluded from base earnings		
Net earnings - common shareholders		

Statement of Base Earnings - Glossary

Statement of base earnings	Description
Asset-based fee income	Represents fee income earned that is directly tied to the level of client assets under advisement, management or administration; including segregated fund products.
Other fees	Represents other fee income earned that is not directly tied to the level of client assets; and the total base insurance service result related to unit-linked, unitized with profits and variable annuity products offered by the Wealth line of business.
Spread income	Represents spread income earned on general account investment products which represents the difference between earned rates and rates credited to clients; and other net investment income.
Fee and spread income	
Asset-based expenses and commissions	Represents the variable expenses (such as asset-based commissions & bonuses, managed account expenses, sub-advisor and fund manager costs) incurred when generating fee and other income.
Net fee and spread income	
Credit experience	Represents the impact of impairments on assets held to back general account liabilities.
Other operating expenses	Represents all other operating expenses incurred by the line of business to generate fee and spread income.
Base earnings – pre-tax	
Income taxes on base earnings	The income tax expense for the period represents the sum of current income tax and deferred income tax on base earnings.
Base earnings (loss)	
Pre-tax operating earnings	Represents base earnings before financing costs, tax, depreciation and amortization.
Pre-tax operating margin	Pre-tax operating earnings expressed as a percentage of fee and spread income.

Glossary - Client Assets and Other

Categories	Item	Description
Client Assets	Assets Under Management or Advisement (AUMA)	Client assets are classified as AUMA where the Company earns a fee for one or more of the following services: investment management services for proprietary funds or institutional assets, discretionary portfolio management on behalf of clients, and/or the provision of financial advice. AUMA relate to the Company's Retirement and Wealth lines of business only.
	Assets Under Administration Only (AUAO)	Client assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends. Assets included in AUAO are not included in AUMA.
	Total client assets	Represents total client assets under management or advisement plus assets under administration only for the Company's Retirement and Wealth lines of business.
	Average client assets	Calculated as the average of the opening and ending balances of client assets during the reporting period using daily balances where available and monthly or quarterly balances when daily balances are unavailable.
Other	Net asset flows - organic	Client asset inflows and outflows that exclude initial asset transfers related to acquisitions.
	Sales - Group Benefits (insured)	Represents annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies on business where the Company underwrites the insurance risks of a group benefits solution.
	Sales - Group Benefits (ASO & other fee-based products)	Represents annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies where clients self-insure the products and the Company administers it on their behalf, and other ancillary services.
	Group benefits in-force premiums (insured)	Represents the value of in-force premiums at the end of the reporting period where Lifeco underwrites the insurance risks of a group benefits solution. The Company may express the period-over-period net change in group life and health book premiums excluding the impact of foreign currency translation, which represents the net impact of new sales, terminations and organic growth of in-force business for the period.
	Group benefits fee and other income (ASO & other fee-based products)	Represents administrative services only (ASO) and other fee-based income where clients self-insure the products and the Company administers it on their behalf, and other ancillary services.
	Sales - Insurance & Annuities	Represents 100% of single premium and annualized premiums expected in the first twelve months of the plan.
	Gross operating and administrative expenses	Gross operating and administrative expenses is a non-GAAP financial measure, which excludes certain insurance-related expenses, commissions and sub-advisory fees.
	Non-par base operating and administrative expenses	Non-participating base operating and administrative expenses is a non-GAAP financial measure and excludes business transformation costs and other expenses that are excluded from base earnings.
	Efficiency ratio	Efficiency ratio is a non-GAAP ratio and is calculated as: non-par base operating and administrative expenses (pre-tax) / (base earnings (pre-tax) + non-par base operating and administrative expenses (pre-tax)). The ratio is calculated on a trailing four quarter basis.
Non-meaningful figure (nmf)	Represents a non-meaningful percentage variance.	