



# GCU



**December 31, 2023**  
**Financial Report**





**Tim Demetres**  
Chief Financial Officer

# 2023 Financial Results

We began 2023 with the Federal Reserve implementing a series of interest rate increases to moderate growth and tame inflation rates not seen in 40 years. These increases resulted in significant volatility in financial results stemming from rising crediting rates, investment valuations and cash flows. Short-term yields were at the highest levels not seen in 10+ years. Notwithstanding, the U.S. economy remained resilient in a tight labor market. In the fourth quarter, the Fed announced it was pausing and rates began to levelize. We look ahead to 2024 being a year of stabilized market yields and adding new features to our life and annuity products. Our rating agencies have reaffirmed the A- (excellent) financial strength rating.

GCU's total assets increased \$63 million to \$2.7 billion and surplus surpassed \$221 million as of December 31, 2023. We are committed to serving our members and community as we have been, since 1892.

## Highlights of 2023

Income before net realized capital gains (losses) totaled \$10.7 million in 2023 compared to \$20.9 million reported in 2022. The gain from operations was lower in 2023 primarily due to increasing crediting rates on annuity contracts. Net income after realized capital gains (losses) was \$5.9 million in 2023 compared to \$18.1 million in 2022. We had \$4.6 million in net realized capital losses primarily from the disposal of a bond fund in 2023.

Total Assets increased \$63 million growing invested assets and increasing short-term liquidity. The increase in interest rates provided an opportunity to partially rebalance portfolio holdings achieving three key goals:

- a) increase credit quality;
- b) shorten duration risk; and
- c) improve investment returns.

We continue to employ a diversified asset allocation strategy to appropriately manage risk.

Liabilities grew \$61 million to \$2.483 billion in 2023 compared to \$2.422 billion at year-end 2022. Life and annuity reserves increased \$54.1 million along with a \$9 million increase in the asset valuation reserve (AVR - a reserve for future credit losses).

Total Income in 2023 was \$490.0 million, a decrease of \$17.5 million compared to \$507.5 million in 2022. Life and annuity sales, including conversions, decreased only \$19 million year over year.

Operating expenses, before the increase in reserves, totaled \$425.4 million in 2023 versus \$255.6 million in 2022.

In 2023, GCU disbursed \$113.8 million more in annuity benefits in death claims, full surrenders and partial withdrawals. Annuity exchanges increased \$56.6 million from members moving to new contracts offering higher crediting rates. Commissions paid agents decreased \$2.2 million commensurate with lower life and annuity sales. General insurance expenses were only \$649.7 thousand higher in 2023 when compared to 2022. Pension expenses decreased \$397 thousand due to lower retirement distributions.

The increase in reserves totaled \$53.9 million in 2023 compared to \$230.9 million in 2022. Reserves generally increase from premiums received and interest accumulation offset by decreases from death claims and annuity benefit payments.

Surplus grew to \$221.3 million in 2023 compared to \$219.5 million at year-end 2022. The \$1.8 million net increase in surplus reflects the additions of \$5.9 million of net income and a \$6.2 million increase in unrealized gains offset by a \$9 million increase to the AVR and \$1.0 million net loss of GCU Holding Company and Subsidiaries.

Total Adjusted Capital (TAC) was \$249.3 million at December 31, 2023. TAC starts with surplus of \$221.3 million and adds the asset valuation reserve of \$27.9 million and one-half the dividend liability of \$150,000. TAC is a financial strength measure closely monitored by rating agencies. The solvency ratios based on TAC were 110.2% and 109.9%, as of December 31, 2023 and 2022, respectively. These strong ratios reflect GCU's commitment to financial strength.

Spring returns, Enjoy! Tim

## GCU Balance Sheet Comparison

AS OF DECEMBER 31,

<b>Assets (000's omitted)</b>	<b>2023</b>	<b>2022</b>	<b>Difference</b>
Bonds	\$2,499,632	\$2,472,932	\$26,700
Preferred Stocks	17,144	18,626	(1,482)
Common Stocks	27,935	27,985	(50)
Cash//Short Term Investments	38,457	15,575	22,881
Mortgages	2,509	3,473	(964)
Certificate Loans	671	630	42
Derivatives	3,337	1,115	2,222
Real Estate	15,858	15,059	799
Investment Income Due & Accrued	29,716	29,829	(113)
Alternative Investments	68,213	55,912	12,300
Other	1,220	611	608
<b>Total Assets</b>	<b>\$2,704,691</b>	<b>\$2,641,748</b>	<b>\$62,943</b>
<b>Percentage Total Change Year to Year</b>	<b>2.4%</b>	<b>10.4%</b>	
<b>Liabilities</b>			
Life Reserves	\$ 94,568	\$ 89,472	\$ 5,096
Annuity Reserves	2,335,053	2,286,024	49,029
Accident & Health Reserves	126	120	6
Employee Pension Liability	6,880	6,595	285
Symposium Reserve	—	127	(127)
Advance Premium & Future Refund Reserves	350	356	(6)
Pending Investment Trades	559	—	559
Accounts Payable	1,269	1,211	58
Refund Accumulations	1,554	2,555	(1,000)
Asset Valuation Reserve-AVR	27,891	18,876	9,015
Interest Maintenance Reserve-IMR	15,134	16,929	(1,795)
<b>Total Liabilities</b>	<b>\$2,483,384</b>	<b>\$2,422,267</b>	<b>\$ 61,117</b>
<b>Surplus Fund</b>	<b>221,307</b>	<b>219,484</b>	<b>1,823</b>
<b>Total Liabilities &amp; Surplus</b>	<b>\$ 2,704,691</b>	<b>\$ 2,641,751</b>	<b>\$62,940</b>
<b>Normal Solvency</b>	<b>110.2%</b>	<b>109.9%</b>	
<b>Solvency Ratio*</b>	<b>110.2%</b>	<b>109.9%</b>	

\*Adds AVR and one half dividend liability to surplus

Financial information is unaudited and is presented on the statutory basis of accounting.

## GCU Income Statement Comparison

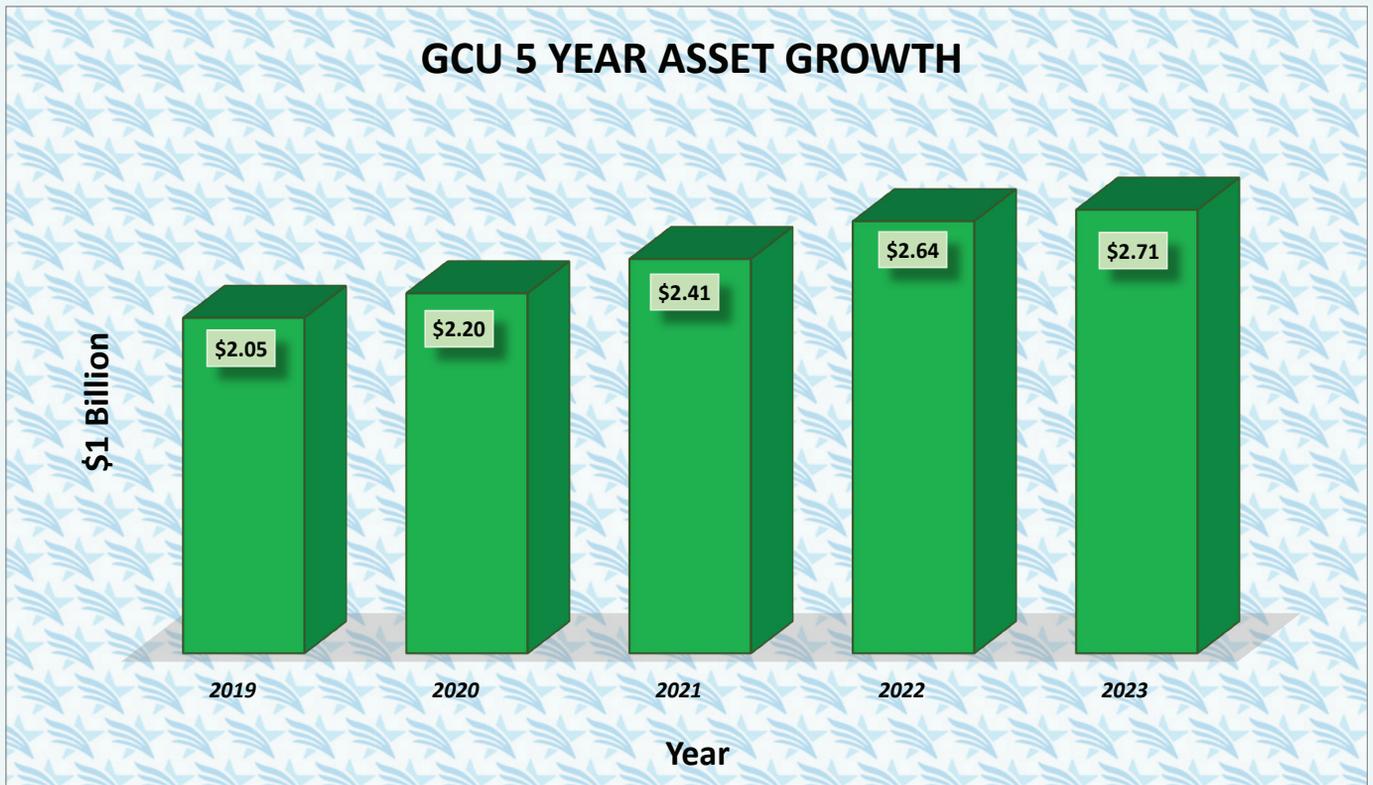
YEAR ENDED DECEMBER 31,

Income	2023	2022	Difference
Life Premium	\$ 9,378,895	\$ 11,512,247	\$ (2,133,352)
Annuity Premium	284,412,591	357,606,944	(73,194,353)
Annuity Exchanges	74,362,618	17,812,639	56,549,979
Accident & Health	408,367	460,505	(52,138)
Total Premiums	368,562,471	387,392,335	(18,829,864)
Net Investment Income	119,081,819	116,950,591	2,131,228
Amortization of Interest Maintenance Reserve	1,527,639	1,903,220	(375,581)
Commission allowance for reinsurance	416,453	869,813	(453,360)
Other	347,706	398,499	(50,793)
<b>Total Income</b>	<b>\$489,936,089</b>	<b>\$507,514,459</b>	<b>\$(17,578,370)</b>
<b>Expenses</b>			
Death Benefits	\$ 4,600,817	\$ 3,922,426	\$ 678,391
Annuity Benefits Paid	315,554,827	201,761,922	113,792,905
Annuity Exchanges	74,362,618	17,812,639	56,549,979
Surrender Benefits	1,111,530	480,729	630,801
Accident & Health Benefits Paid	392,106	393,864	(1,758)
Commissions	17,360,297	19,591,528	(2,231,231)
General Insurance Exp	10,850,427	10,221,708	628,719
Insurance, Taxes, Licenses and Fees	557,377	517,752	39,625
Pension Distributions and Expense	193,956	590,566	(396,610)
Interest on contract and deposit type accounts	354,176	322,823	31,353
Sub-Total	\$ 425,338,133	\$255,615,957	\$ 169,722,176
Increase in Reserves	53,852,430	230,915,150	(177,062,720)
<b>Total Expenses</b>	<b>\$479,190,563</b>	<b>\$486,531,107</b>	<b>\$(7,340,544)</b>
<b>Net Gain/Loss from Operations before Refunds</b>	<b>10,745,525</b>	<b>20,983,352</b>	<b>(10,237,827)</b>
<b>Refunds to Members</b>	<b>297,160</b>	<b>297,206</b>	<b>(46)</b>
<b>Net Gain/Loss from Operations after Refunds</b>	<b>10,448,366</b>	<b>20,686,146</b>	<b>(10,237,780)</b>
<b>Net Capital Gains (Losses)</b>	<b>(4,551,918)</b>	<b>(2,558,448)</b>	<b>(1,993,470)</b>
<b>Net Income/Loss</b>	<b>\$ 5,896,448</b>	<b>\$ 18,127,698</b>	<b>\$(12,231,250)</b>

# Financial Report

## Four Year Comparative Summary

	YEAR ENDED DECEMBER 31,			
	2023	2022	2021	2020
Assets	\$ 2.71 Bil	\$ 2.64 Bil	\$ 2.41 Bil	\$ 2.20 Bil
Total Income	489.9 Mil	507.5 Mil	424 Mil	354 Mil
Total Operating Expense	479.2 Mil	486.5 Mil	390.7 Mil	325.0 Mil
Reserve Change - Life and Annuities	53.9 Mil	230.9 Mil	165.5 Mil	134.9 Mil
Income from Operations	10.5 Mil	20.7 Mil	32.8 Mil	29.7 Mil
Refunds to Members	(297)	(297,206)	(326,412)	(278,922)
Capital Gains (Losses)	(4,551,918)	(2,558,448)	180,168	(16,851,138)
Net Income	5,896,448	18,127,696	33,020,548	12,817,883
Reserve - Interest Maintenance	15,134,251	16,928,863	22,558,433	21,124,000
Reserve - Asset Valuation	27,891,009	18,876,443	23,831,449	8,316,048
<b>Surplus (Net Worth)</b>	<b>\$221,306,671</b>	<b>\$219,483,621</b>	<b>\$209,241,589</b>	<b>\$202,850,229</b>



## General Insurance Expenses

YEAR ENDED DECEMBER 31,

	2023	2022	Difference
Rent	\$ 94,000	\$ 94,000	\$ —
Salaries & Wages	4,812,770	4,521,527	291,243
Employee Benefits	698,664	703,497	(4,833)
Legal Fees & Expenses	60,843	22,149	38,694
Medical Examination Fees	141,529	104,527	37,002
Accounting, Actuarial and Banking Fees	567,390	560,368	7,022
Board Meetings, Travel and Other	188,477	151,863	36,614
Advertising	6,600	—	6,600
Postage & Phone	232,084	202,269	29,815
Printing & Stationary	134,749	152,564	(17,815)
Rental of Equipment	29,877	17,826	12,051
Books and Periodicals	17,300	1,643	15,657
Bureau and Association Dues	62,395	43,517	18,878
Cost and Depreciation of Furniture & Equipment	1,947,860	1,896,014	51,846
Insurance Fees	57,080	142,481	(85,401)
Sundry General Expenses	141,598	167,643	(26,045)
Official Publication	66,894	65,645	1,249
Fraternal Activities	1,246,603	1,165,149	81,454
Data Processing Supplies/Expenses	255,414	207,059	48,355
Marketing Consultant Fees and Expenses	88,300	1,967	86,333
<b>Total</b>	<b>\$10,850,427</b>	<b>\$10,221,708</b>	<b>\$628,719</b>

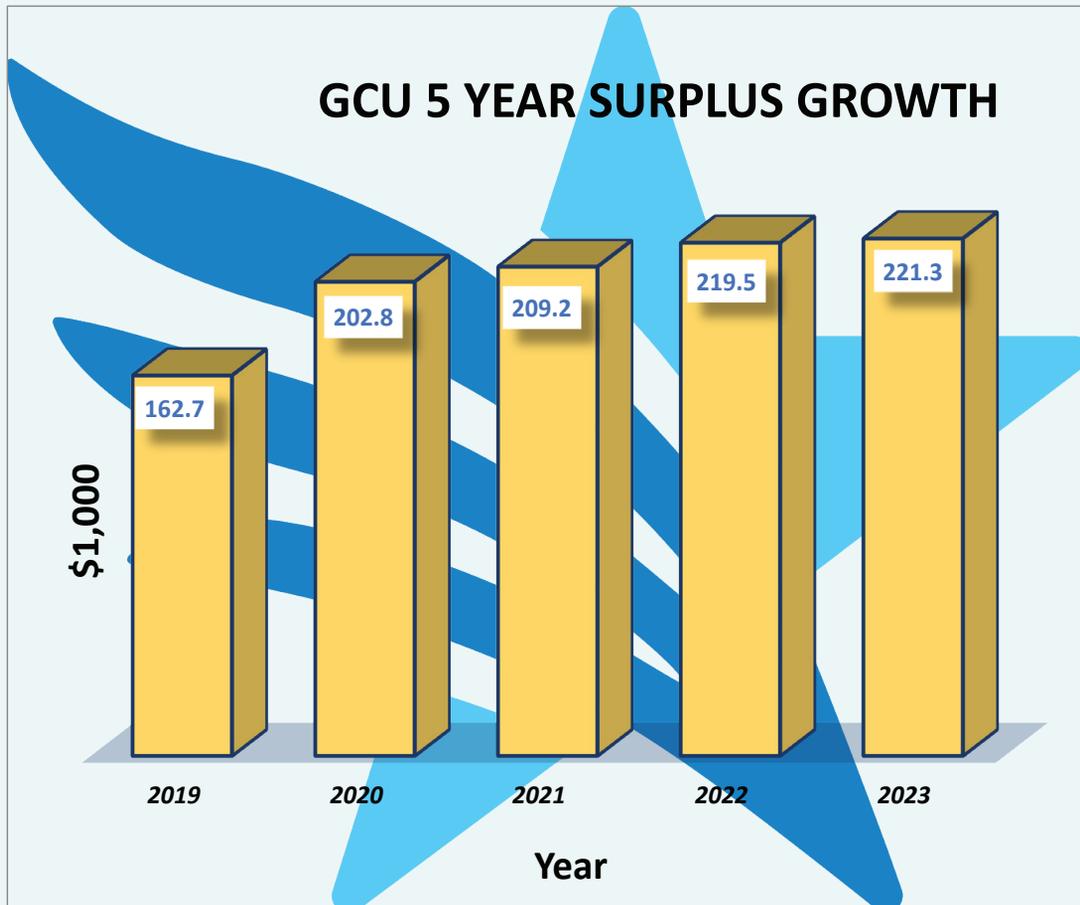
## GCU Subsidiary Operations - Year 2023\*

	GCU Holding & Subsidiaries	GCU Holding Co.	GCU Real Estate Co.	Seven Oaks Country Club	GCU Agency Inc.
Equity, Beginning of Year	\$ 22,445,414	\$68,408	\$1,146,324	\$ 21,171,500	\$59,182
Net Income (Loss)	(1,037,994)	(23,197)	(21,185)	(995,501)	1,889
Capital Contributions	4,178,941	—	—	4,178,941	—
Other	(212,389)	—	—	(212,389)	—
<b>Equity, End of Year</b>	<b>\$25,373,972</b>	<b>\$45,211</b>	<b>\$1,125,139</b>	<b>\$24,142,551</b>	<b>\$61,071</b>

\*Financial information is unaudited and is presented in accordance with generally accepted accounting principles.

## GCU Surplus Comparison

	YEAR ENDED DECEMBER 31,		
	2023	2022	Change
Beginning Surplus	\$ 219,483,624	\$ 209,241,589	\$10,242,034
Net Income	5,896,449	18,127,697	(12,231,248)
Change in Unrealized Gain/(Loss)	7,232,407	(11,943,632)	19,176,039
GCU Holding Company	(1,042,493)	(552,194)	(490,299)
Changes in Pension Asset/Liability	(861,385)	-	(861,385)
Changes in Non-Admitted Assets	(387,364)	(344,842)	(42,522)
Changes in Asset Valuation Reserve	(9,014,566)	4,955,006	(13,969,572)
Net Change in Surplus	1,823,048	10,242,034	(8,418,986)
<b>Ending Surplus</b>	<b>\$221,306,672</b>	<b>\$219,483,624</b>	<b>\$ 1,823,048</b>





**GCU**

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800.722.4428