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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

SEC FILE NUMBER
8-33854

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2008 AND ENDING December 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: GWFS Equities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

Second Floor - 8525 East Orchard Road
(No. and Street)

Greenwood Village
(City)

Colorado
(State)

80111
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Julie Oettel

(303) 737-1106

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

(Name - if individual, state last, first, middle name)

Suite 3600 - 555 Seventeenth Street
(Address)

Denver
(City)

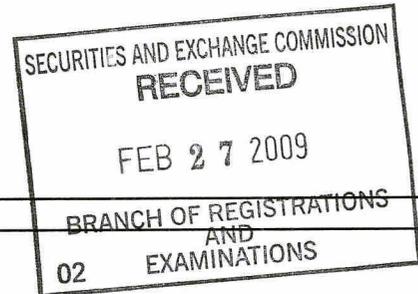
Colorado
(State)

80202-3942
(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY



*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Glen R. Derback, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GWFS Equities, Inc., as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Signature]
Signature
Treasurer
Title

[Signature]
Notary Public
BOBBI HANKINS
Notary Public
State of Colorado
My Commission Expires 05/13/2011

This report ** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
GWFS Equities, Inc.
Greenwood Village, Colorado

We have audited the accompanying statement of financial condition of GWFS Equities, Inc. (the "Company"), a wholly-owned subsidiary of Great-West Life & Annuity Insurance Company, as of December 31, 2008, and the related statements of operations, cash flows, and changes in stockholder's equity for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of GWFS Equities, Inc. at December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplemental schedules of Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934 and Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 Under the Securities Exchange Act of 1934 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

February 25, 2009

GWFS EQUITIES, INC.**(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)****STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2008**

ASSETS	2008
Cash	\$ 15,748,825
Short-term investments, available-for-sale (amortized cost approximates fair value)	7,100,157
Securities commissions receivable	18,623,923
Other assets	20,041
TOTAL	\$ 41,492,946
LIABILITIES AND STOCKHOLDER'S EQUITY	
LIABILITIES:	
Accrued expenses and other liabilities	\$ 52,228
Due to affiliates	36,004,768
Total liabilities	36,056,996
STOCKHOLDER'S EQUITY:	
Common stock, no par value; 10,000 shares authorized; 4,000 shares issued and outstanding	2,200,000
Additional paid-in capital	2,875,000
Retained earnings	360,950
Total stockholder's equity	5,435,950
TOTAL	\$ 41,492,946

See notes to financial statements.

GWFS EQUITIES, INC.

(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008</u>
REVENUES:	
Securities commissions	\$ 127,764,961
Marketing and communication fees	1,353,385
Interest income	<u>173,425</u>
Total revenues	<u>129,291,771</u>
EXPENSES:	
Services level agreement expenses	127,715,188
General and administrative	<u>1,576,583</u>
Total expenses	<u>129,291,771</u>
NET INCOME	\$ <u><u>0</u></u>

See notes to financial statements.

GWFS EQUITIES, INC.

(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
BALANCE, JANUARY 1, 2008	4,000	\$ 2,200,000	\$ 2,375,000	\$ 360,950	\$ 4,935,950
Net income					0
Capital contribution			500,000		500,000
BALANCE, DECEMBER 31, 2008	<u>4,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,875,000</u>	<u>\$ 360,950</u>	<u>\$ 5,435,950</u>

See notes to financial statements.

GWFS EQUITIES, INC.**(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008</u>
OPERATING ACTIVITIES:	
Net income	\$ 0
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Due to affiliates	(6,437,194)
Securities commissions receivable	10,514,093
Accrued expenses and other liabilities	(23,408)
Other assets	548
Net cash provided by operating activities	<u>4,054,039</u>
INVESTING ACTIVITIES:	
Net change in short-term investments	<u>(673,973)</u>
Net cash used in investing activities	<u>(673,973)</u>
FINANCING ACTIVITIES:	
Capital contribution	<u>500,000</u>
Net cash provided by financing activities	<u>500,000</u>
NET INCREASE IN CASH	3,880,066
CASH - beginning of year	11,868,759
CASH - end of year	<u>\$ 15,748,825</u>

See notes to financial statements.

GWFS EQUITIES, INC.

(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization – GWFS Equities, Inc. (the “Company” or “GWFS”) is a wholly-owned subsidiary of Great-West Life & Annuity Insurance Company (“GWL&A”), an insurance company domiciled in Colorado. GWL&A is a wholly-owned subsidiary of GWL&A Financial, Inc., a holding company.

The Company provides communication and marketing services for financial products to group retirement plans and to individuals. The Company acts as a non-clearing broker/dealer and is exempt from the provisions of Rule 15c3-3 of the Securities and Exchange Commission, in that the Company’s activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

Basis of Presentation - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

Cash - Cash includes only amounts in demand deposit accounts.

Investments - Short-term investments include fixed income securities purchased with initial maturities of one year or less and are carried at amortized cost. The Company considers short-term investments to be available-for-sale and amortized cost approximates fair value.

Income Taxes - The Company is included in a consolidated income tax return filed by GWL&A Financial Inc. Income taxes are recorded using an asset and liability approach that, among other provisions, requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences in amounts that have been recognized in the Company’s financial statements and tax returns. In estimating future tax consequences, all expected future events (other than the enactments or changes in the tax laws or rules) are considered.

Securities Commissions - Commissions are recognized on a trade-date basis as securities transactions occur. Related service level agreement expense is recognized as commissions are incurred.

Marketing and Communication Fees - Revenue is recognized as earned.

Due to Affiliates - Due to affiliates represents non-interest bearing amounts, which are due upon demand.

3. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

On January 1, 2008, the Company adopted the provisions of Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements.

The valuations hierarchy is based upon the transparency of inputs to the valuation of the Company's investments. The three levels are defined as follows:

Level 1 – Valuations based on quoted prices for identical securities in active markets.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the fair measurement.

At December 31, 2008, the Company held \$7,100,157 of short-term investments measured at fair value on a recurring basis, \$54,484 in Level 1 and \$7,045,673 in Level 2.

4. RELATED PARTY TRANSACTIONS

Service level agreement expenses represent fees paid to certain affiliates for developing, negotiating, and completing contracts. In addition, the Company has an administrative services agreement with GWL&A whereby GWL&A assumes responsibility for payment of general and administrative expenses incurred by the Company. Payments received in accordance with the administrative service agreement are included within securities commissions. Accordingly, the accompanying financial statements are not necessarily indicative of the conditions that would exist or the results of operations that would prevail if the company were operated as an unaffiliated entity.

5. REGULATORY REQUIREMENTS

The Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission. The rule requires minimum net capital of 6-2/3% of aggregate indebtedness, or \$25,000, whichever is greater, and the rule prohibits withdrawal of equity or the payment of dividends if aggregate indebtedness exceeds 1,000% of net capital. At December 31, 2008, the Company had net capital of \$5,434,860, which was \$3,031,061 in excess of its required net capital of \$2,403,799. Aggregate indebtedness at December 31, 2008 was \$36,056,996 and the ratio of aggregate indebtedness to net capital was 6.63 to 1.

GWFS EQUITIES, INC.**(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)****COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-1
UNDER THE SECURITIES EXCHANGE ACT OF 1934****DECEMBER 31, 2008**

TOTAL STOCKHOLDER'S EQUITY	\$	5,435,950
DEDUCT NON-ALLOWABLE ASSETS		<u>(1,090)</u>
NET CAPITAL	\$	<u>5,434,860</u>
AGGREGATE INDEBTEDNESS	\$	<u>36,056,996</u>
MINIMUM NET CAPITAL REQUIRED	\$	<u>2,403,799</u>
EXCESS NET CAPITAL	\$	<u>3,031,061</u>
EXCESS NET CAPITAL AT 1,000%	\$	<u>1,829,160</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL		<u>6.63:1</u>

There were no differences between the computation of net capital above as compared to amounts reported by GWFS Equities, Inc. in its unaudited Form X-17a-5 Part IIA as of December 31, 2008, filed with the Financial Industry Regulatory Authority, Inc. on January 27, 2009.

GWFS EQUITIES, INC.

(A wholly-owned subsidiary of Great-West Life & Annuity Insurance Company)

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKERS AND
DEALERS PURSUANT TO RULE 15c3-3 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934
AS OF DECEMBER 31, 2008**

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

February 25, 2009

GWFS Equities, Inc.
Greenwood Village, Colorado

In planning and performing our audit of the financial statements of GWFS Equities, Inc. (the "Company") as of and for the year ended December 31, 2008 (on which we issued our report dated February 25, 2009 and such report expressed an unqualified opinion on those financial statements), in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

GWFS Equities, Inc.
(a wholly-owned subsidiary of
Great-West Life & Annuity Insurance
Company)

(SEC I.D. No. 8-33854)

Financial Statements and Supplemental Schedules
as of and for the Year Ended December 31, 2008 and
Independent Auditors' Report and Supplemental
Report on Internal Control
Filed Pursuant to Rule 17a-5(e)(3)