

Advantage Plus

Participating whole life insurance

# Guide to participating whole life insurance

Foresters   
Financial



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**This guide was designed to provide you with helpful information about Foresters Financial™ participating whole life insurance. It includes information on the composition and performance of our participating account and key features of our Canadian participating whole life product, Advantage Plus<sup>1</sup>.**

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## About Foresters

Since 1874, Foresters Financial has been providing socially responsible financial service to individuals and families.

Today, we still embrace our purpose - to enrich family and community well-being.

We continue to innovate products and services that go beyond financial planning to provide benefits that empower our clients and members.<sup>2</sup> We help them help make a positive difference in the world.

Giving back is not a new concept for us. It's what defines us. Because helping is who we are.



## Financial Strength

Foresters champions the well-being of families. This requires us to attend carefully to our own financial health. Foresters continues to maintain its strong financial position with total assets of \$18.1 billion CAD and a surplus of \$2.1 billion<sup>3</sup> CAD as of December 31, 2020.

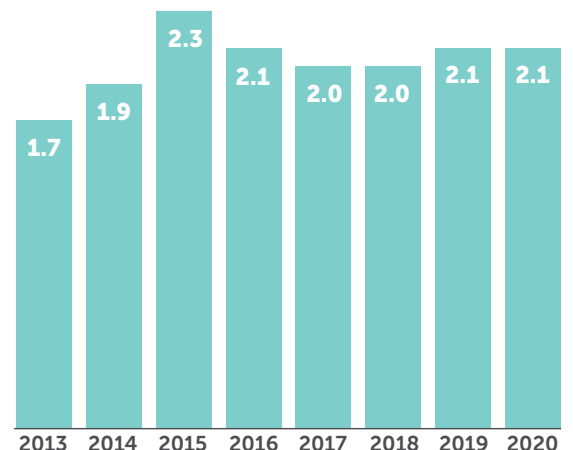
For the past 21 years, The Independent Order of Foresters has received an "A" (Excellent) rating from A.M. Best Company<sup>4</sup>. This independent rating assesses our ability to pay claims and is an important measure of our strength and stability.

### A strategy for a strong future

You can be confident we are here for you today, and tomorrow. Our stability and financial strength help ensure that we can deliver the lifestyle protection, innovative benefits and community support that serve our families and their neighbourhoods. Our solvency ratios<sup>5</sup> are beyond local regulatory requirements and above industry averages in all three countries in which we operate.

### Surplus

(in billions of Canadian dollars)





## Participating whole life insurance

When you buy life insurance, you are helping provide your dependents with future financial security, even if you are not here to provide it.

Whole life insurance offers stability and long-term financial protection. It is designed to help cover your permanent insurance needs such as:

- Estate planning
- Funeral or other final expenses
- Income for your surviving spouse
- Financial legacy for your children

In addition to permanent protection, whole life policies offer the added benefit of accumulating cash value. Cash value is the amount of money paid to the policy holder if the policy is terminated. As long as you pay your premiums and your policy stays in force, the cash value accumulates year after year. It's a real asset with real value that can help protect you and your family.

Participating whole life insurance also provides an additional opportunity for growth. Participating policies are eligible to earn dividends. A dividend is a portion of Foresters earnings available for distribution to certificate owners.

Dividends can be used to purchase additional coverage, reduce premiums, or be received in cash. Although dividends are expected, they are not guaranteed.

### How dividends are calculated

A portion of the premiums for participating whole life insurance certificates are deposited in the participating account. The majority of the participating account is invested in bonds, cash and cash equivalents to help ensure the long-term stability of returns. Each year, a portion of the earnings from the participating account are distributed to certificate owners. Dividends are not guaranteed and will vary depending on our future experience.

Foresters dividend interest rate is representative of the portfolio's earned rate but may reflect smoothing techniques to dampen short-term volatility in the interest rate. Dividends are reviewed annually but may not be updated every year.

The dividend interest rate is only one factor that contributes to dividend changes. Factors such as mortality and expenses may also affect dividends and a certificate's performance.

## Participating account asset mix



Over 80% of Foresters participating account is invested in stable fixed income investments. The remainder of the portfolio is invested in equities and core commercial real estate. Investments are carefully selected to help provide a high level of security with long-term growth. Foresters participating account is financially strong now, and more importantly, is well-positioned for financial strength well into the future.

The figures below are as of December 31, 2020 and may change depending on market performance and Foresters investment strategy.

Fixed Income & Short Term	Values	Percentage
Canadian Government	\$ 8,212,505.48	1.88%
Corporate Bonds	\$ 216,590,314.95	49.52%
Other Government Bonds	\$ 167,247,134.79	38.24%
Policy Loans/Others	-\$ 27,246,000.00	-6.23%
<b>Total Fixed Income</b>	<b>\$ 364,803,955.22</b>	<b>83.40%</b>

Equities	Values	Percentage
Equities	\$ 38,046,000.00	8.70%
Real Estate	\$ 12,644,000.00	2.89%
<b>Total Equities</b>	<b>\$ 50,690,000.00</b>	<b>11.59 %</b>

Other Assets	\$ 21,918,000.00	5.01%
<b>Total Assets</b>	<b>\$ 437,411,955.22</b>	<b>20.00%</b>

## Fixed income

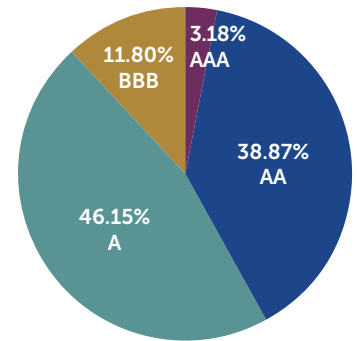
The majority of the fixed income portion of Foresters participating account is invested in high-quality bonds with over five years to maturity and a credit rating of A or higher.

### Fixed income by term as of Dec. 31, 2020

Years to maturity	Values	Percentage
Over 5 years	\$ 372,737,585.52	95.07%
0 to 5 years	\$ 19,312,369.70	4.93%
<b>Total</b>	<b>\$ 392,049,955.22</b>	<b>100.00%</b>

### Fixed income by credit rating as of Dec. 31, 2020

Credit rating	Values	Percentage
AAA	\$ 12,482,015.48	3.18%
AA	\$ 152,391,368.50	38.87%
A	\$ 180,896,092.40	46.15%
BBB	\$ 46,280,478.81	11.80%
<b>Grand Total</b>	<b>\$ 392,049,955.19</b>	<b>100.00%</b>



### Fixed income by country as of Dec. 31, 2020

Country	Values	Percentage
Canada	\$ 391,138,503.17	99.77%
United States	\$ 911,452.05	0.23%
<b>Grand Total</b>	<b>\$ 392,049,955.22</b>	<b>100.00%</b>



## Fixed income

### Fixed income by sector as of Dec. 31, 2020

Sector	Values	Percentage
Canadian Federal Government	\$ 8,212,505.48	2.09%
Canadian Provincial and Municipal Government	\$ 170,527,294.79	43.50%
Communications	\$ 22,150,469.43	5.65%
Consumer Staples	\$ 11,360,114.28	2.90%
Energy	\$ 12,186,772.52	3.11%
Financial	\$ 48,868,497.81	12.46%
Industrial	\$ 35,805,868.95	9.13%
Utilities	\$ 79,957,514.39	20.39%
Healthcare	\$ 2,980,917.57	0.76%
<b>Grand Total</b>	<b>\$ 392,049,955.22</b>	<b>100.00%</b>

## Equities

The equities portion of Foresters participating account consists of holdings in large, well-established and financially sound companies that has operated for many years.

### Top 5 equity holdings as of Dec. 31, 2020

Equity	Market value	Percentage of total equities
Toronto-Dominion Bank	\$ 735,919.24	1.45%
Bank of Montreal	\$ 738,660.76	1.46%
TFI International Inc.	\$ 509,888.93	1.01%
Bank of Nova Scotia	\$ 508,505.61	1.00%
Magna International Inc.	\$ 745,087.15	1.47%



# Historical performance

Over the past 22 years, Foresters dividend interest rate has remained at or above 5.5%. The strong historical performance of the dividend interest rate reflects the success of Foresters prudent approach to investing for long-term growth and stability.

The table and graph below show Foresters dividend interest rate relative to other popular economic indicators. Past performance does not guarantee future results.

Year	Foresters dividend interest rate	S&P/TSX composite total return index <sup>6</sup>	Government of Canada 5 to 10 year bond <sup>7</sup>	Consumer Price Index <sup>8</sup>
1999	9.1%	29.7%	5.6%	2.6%
2000	8.8%	6.2%	6.0%	3.2%
2001	8.4%	-13.9%	5.3%	0.7%
2002	8.1%	-14.0%	5.1%	3.8%
2003	8.3%	24.3%	4.5%	2.1%
2004	8.1%	14.5%	4.3%	2.1%
2005	8.6%	24.4%	4.0%	2.2%
2006	8.4%	17.3%	4.1%	2.0%
2007	8.5%	9.9%	4.0%	2.2%
2008	7.9%	-33.0%	2.7%	2.3%
2009	7.3%	35.1%	3.6%	0.3%
2010	7.3%	17.7%	3.1%	1.8%
2011	7.3%	-8.7%	1.9%	2.9%
2012	7.0%	7.2%	1.8%	1.5%
2013	7.2%	13.0%	2.0%	0.9%
2014	7.2%	10.6%	1.9%	2.0%
2015	6.8%	-8.2%	1.0%	1.1%
2016	6.2%	21.1%	1.0%	1.4%
2017	6.4%	9.1%	2.18%	1.6%
2018	6.2%	-8.9%	2.3%	2.3%
2019	6.0%	22.8%	1.7%	1.9%
2020	5.5%	5.6%	0.7%	0.7%





## Advantage Plus dividend options

**Foresters Advantage Plus participating whole life insurance is an attractive option for families looking to protect their financial security.**

**As a participating insurance certificate, Advantage Plus gives you the flexibility to choose from five dividend options if a dividend is issued:**

**Dividends on Deposit:** Dividends remain on deposit within the certificate and may earn interest. Dividends and any accumulated interest can be withdrawn at any time, subject to taxation.

**Cash Payment:** Dividends are paid directly to the certificate owner. These payments may add to the owner's taxable income.

**Premium Reduction:** Dividends are credited towards the premium. If the dividend is greater than the premiums due in the year, then the remainder of the dividend will remain on deposit with us, where it may earn interest.

**Paid-up additional insurance:** Dividends are used to buy additional permanent life insurance. No further premiums are

needed to keep this paid-up additional insurance in effect. Paid-up additional insurance is also eligible to earn dividends and has a cash value.

**Enhanced Insurance:** Your initial coverage starts with a combination of permanent insurance and one-year term insurance. You pay a lower premium than you would if the coverage was all permanent insurance. Each year, dividends are used to pay for the one-year term insurance and any excess is used to buy paid-up additional insurance, which also may earn dividends. Over time, the original one-year term insurance is entirely replaced by paid-up additions. The Enhanced Insurance Amount is guaranteed for the life of the certificate.

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**A certificate owner can change the dividend option to the following at any time after issue:**

- Paid-Up Additional Insurance
- Premium Reduction
- Dividends on Deposit
- Cash Payment
- Loan Repayment

If the dividend option is changed from the Enhanced Insurance Option to another option the Enhanced Insurance Option Guarantee ends immediately.

## Advantage Plus built-in insurance benefits

Advantage Plus offers solid protection and a range of flexible options to meet your changing needs. Coverage is guaranteed for life as long as the certificate is in effect. The premiums can't be increased due to changes in the insured's health status that occur after coverage comes into effect.

Advantage Plus also offers a number of built-in features at no additional premium.

### Charity Benefit provision

Advantage Plus includes a Charity Benefit provision so you can donate to your favourite registered charity. When a claim is paid to the beneficiaries, Foresters will pay<sup>9</sup>, up to a maximum of \$100,000, an additional 1% of the basic insurance amount to a registered charitable organization as designated by the owner. The payment is made as a donation in the name of the insured.

### Children's Insurance Benefit

Advantage Plus's built-in Children's Insurance Benefit provides \$3,000 of term insurance for each insured child up

to their age 25. During certain periods of time, the \$3,000 of term may be converted to \$10,000 of permanent insurance on that child without evidence of insurability.

### Juvenile Guaranteed Insurability Benefit

The Juvenile Guaranteed Insurability Benefit allows you to purchase additional insurance on specific dates without evidence of insurability if the primary life insured is under 18 when the Advantage Plus certificate is issued.

### Quit Smoking Incentive Plan

Smokers will automatically benefit from a 2-year premium reduction with the Quit Smoking Incentive Plan. If the primary insured person is classified as a Smoker, and is at least 16 years old on the certificate issue date, we will charge lower premiums for the first two certificate years. If any time before the second certificate anniversary the owner submits evidence we consider satisfactory as to the cessation of the smoking habit of the insured person the lower premiums will continue.

### Additional benefit

### Expert Medical Opinion Program

The insured person may be eligible, at no additional premium, to access Advance Medical's program Advance Medical's Expert Medical Opinion Program<sup>10</sup>. The insured person's spouse or domestic partner and the insured's dependent children up to age 18 may also be eligible. This program provides a second opinion on medical issues from some of the world's leading experts.



# Unique member benefits

At Foresters, you're more than a customer. You become part of a member-based life insurance organization that champions the well-being of families and communities.

We don't just provide life insurance; we deliver a whole range of member benefits<sup>2</sup>, many of which are complimentary. That's because our focus is on you and your family.

Foresters current member benefits include:

- Grants and scholarships to help ease the financial burden that comes with some of life's biggest challenges and momentous events
- Well-being benefits including Lifelong Learning<sup>11</sup>, an easy-to-use learning library offering over 200 online courses covering a diverse range of topics
- Opportunities to become involved in volunteer activities such as playground builds

- Fun family events that give a chance for you and your loved ones to relax and connect with each other such as amusement park tickets and baseball games.

Over the course of a member's lifetime, our member benefits may provide thousands of dollars of value.

## The Foresters difference

For more than 140 years, Foresters has helped families plan for their financial future while making a difference in their communities. Each year, we invest millions to support causes that enrich the lives of families and, through our global member network, we provide volunteering efforts that directly benefit local communities in Canada, the U.S. and the U.K.

## Interesting in learning more?

For more information about Foresters and Advantage Plus, please contact your advisor or **visit [foresters.com](https://foresters.com)**.

Foresters Financial, Foresters, and Helping Is Who We Are are trade names and trademarks of The Independent Order of Foresters (a fraternal benefit society, 789 Don Mills Road, Toronto, Canada M3C 1T9) and its subsidiaries. N609

<sup>1</sup> Underwritten by The Independent Order of Foresters.

<sup>2</sup> Descriptions of member benefits that you may receive assume that you are a Foresters Financial member. Foresters Financial member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or canceled without notice or are no longer available.

<sup>3</sup> This surplus represents excess funds above the amount required as legal reserves for insurance and annuity certificates in force and provides additional assurances to our members for our long term financial strength.

<sup>4</sup> The A.M. Best rating assigned on July 29, 2021 reflects the overall strength and claims-paying ability of The Independent Order of Foresters (IOF) but does not apply to the performance of any non-IOF issued products. An "A" (Excellent) rating is assigned to companies that have a strong ability to meet their ongoing obligations to policyholders and have, on balance, excellent balance sheet strength, operating performance and business profile when compared to the standards established by A.M. Best Company. A.M. Best assigns ratings from A++ to F, A++ and A+ being superior ratings and A and A- being excellent ratings. See [ambest.com](https://ambest.com) for our latest rating.

<sup>5</sup> Solvency ratios indicate that our ability to meet long-term obligations is above and beyond what is required.

<sup>6</sup> S&P/TSX composite total return index includes the reinvestment of dividends. All figures are annual calendar year returns. TSX © Copyright 2021 TSX Inc. All rights reserved.

<sup>7</sup> Government of Canada five to ten-year bond returns are taken from Statistics Canada, CANSIM table 176-0043 (Statistics Canada website), April 2, 2021. For each calendar year, the average of the monthly values was used.

<sup>8</sup> Consumer price index inflation rates are based on the change from January to January, taken from Statistics Canada, CANSIM table 326-0021 (Statistics Canada website), April 2, 2021.

<sup>9</sup> The designated charitable organization must be registered as a charity with the Canada Revenue Agency. The Charity Benefit will only be paid if an eligible beneficiary for the benefit has been designated, prior to, and is in effect on, the date of the death of the insured.

<sup>10</sup> This program is provided exclusively by Advance Medical, Inc., subject to eligibility requirements and limitations and may be changed or cancelled at any time without notice. This program is not part of the Advantage Plus certificate.

<sup>11</sup> Foresters Lifelong Learning Program is administered and delivered by The Training Company Inc.