

Dividend Policy

This Dividend Policy (the "Policy") is established by the Board of Directors of the Independent Order of Foresters (the "Board"). Although all certificates issued by Foresters Financial™ are "participating", i.e. eligible to participate in divisible surplus, Foresters Financial expects to pay annual experience dividends only on certificates of certain products, referred to as dividend paying. Only dividend paying certificates are in the scope of this Policy. Policies issued through subsidiaries are out of scope of this Policy, as dividends related to those policies are at the discretion of the subsidiary Boards of Directors.

The Board will review this Policy at least annually, and may, at its discretion, amend it from time to time. The factors most likely to be considered in deciding whether to amend this Policy include changes in applicable legal or regulatory requirements, professional guidelines, industry practices, or significant business changes, including but not limited to major acquisitions or divestitures.

Dividend paying certificates are eligible for periodic dividends. These dividends are not guaranteed and may increase or decrease from one period to the next. In extreme circumstances, dividends may not be paid at all.

Dividend-paying certificates are supported by a distinct asset segment, called the "Participating" asset segment. The amount of earnings to be distributed from the Participating segment is determined at least annually following a review by the Appointed Actuary of the actual experience and trends in experience. Based on this analysis, the Appointed Actuary makes an annual recommendation to the Board regarding the amount of divisible surplus, i.e. dividends to be paid in the following year. Earnings arise in the participating segment when the experience in the segment for factors such as investment income, mortality, lapses, expenses and taxes is collectively more favourable than the assumptions for these factors used when pricing the participating certificates. Fluctuations in experience in a given period may be smoothed into the dividend scale. The effect of such smoothing is to spread the impact of experience fluctuations into dividends over time, to achieve greater stability of dividends from one period to the next. The extent of smoothing to be used, if any, will depend on considerations such as the source and extent of fluctuations in experience, expected trends in the future experience, and the potential impact on dividends.

Foresters Financial follows the contribution principle when determining dividend scales. This principle states that distributions of profit or loss among certificates should be in the same proportion as the certificates are considered to have contributed to the profit or loss. When applying the contribution principle, attention is paid to achieving reasonable equity between generations of certificates, taking into account practical considerations and limits, legal and regulatory requirements, professional guidelines and industry practices. This provides Foresters Financial with an equitable method of distributing divisible surplus. The Appointed Actuary may apply simplified methods in developing the dividend scale where the cost of additional precision is excessively onerous, would not materially affect the conclusions and distributions, and where it is permitted by regulation.

To apply the contribution principle, dividend classes are established by aggregating certificates into relatively homogeneous groups with respect to certificate characteristics, including items such as expected investment rates of return and underwriting characteristics. For each dividend class, Foresters will compare actual experience for a number of factors to the assumptions underlying the certificate. If the net actual experience over all assumptions is more favourable than certificate assumptions, that net amount is deemed to be a contribution to surplus. A dividend will be determined for each certificate in proportion to its contribution to surplus, ensuring reasonable equity across all such certificates.

U.S. dividend scales may also be adjusted such that illustrations at the current dividend scale would be in compliance with U.S. regulations.

Foresters Financial also has the right to declare and distribute extraordinary dividends, in addition to dividends determined under this Policy. Such distributions are at the discretion of the Board, on the advice of the Appointed Actuary, and are not subject to this Policy.

Prior to the declaration of dividends by the Board, the Appointed Actuary reports to the Board on their compliance with this Policy and any relevant professional standards of practice.

Approved by the Board of Directors of The Independent Order of Foresters on February 19, 2020 and effective immediately.