Helping is who we are
Helping is at the heart of all we do

“Foresters Financial” begins and ends with our Purpose: to enrich family and community well-being.”

Helping people is who we are, and it’s been so since the very beginning. Before terms like social responsibility and volunteerism were commonly used, our employees and members were actively giving back and making a difference in their communities.

Consumers now pledge their loyalty to companies that give back, and because Foresters is one of the oldest and most respected fraternal benefit societies, our authenticity and Purpose resonate deeply. In fact, it’s what motivates prospective employees who are seeking meaningful work to choose Foresters. They come to work to help the people that help others.

We don’t see helping as a choice; we see it as a gift. It’s who we’ve always been, and it will continue to be at the center of all we do.

JIM BOYLE, President and Chief Executive Officer

“As a Fraternal Benefit Society, Foresters is a member-led, purpose-driven organization dedicated to enriching family and community well-being.

Helping people is who we are; but we can’t do it alone.

We have a representative governance system made up of member leaders who live our Purpose every day. In fact, our members provide well over 13,000 volunteer hours every year in their governance roles alone, and many also organize events in their communities.

Our member leaders are our ambassadors, and as we look to the future, I know they will help strengthen our Purpose and continue to provide valuable member feedback so we are always able to enrich the well-being of families and communities.

CHRIS STRANAHAN, International Fraternal President

Financial strength

2,141,994 members strong

$31.7 billion funds under management and administration

3.2 million certificates and contracts in force

“A” (Excellent) A.M. Best Financial Strength rating for the 18th consecutive year

11.4% increase in life insurance and annuity premiums from 2017

$626 million in insurance claims and benefits paid

5.4% Increase in Asset Management Fee revenue from 2017
Helping our members make a difference

“'There are benefits of being a Foresters member, and I think being able to organize an event for your community or an organization of your choice is one of them.’

RICKY CHEUNG
Foresters member, Alberta, Canada

As a new Branch Councillor, Ricky is determined to continue volunteering with Foresters, which has been a way of life since becoming a member five years ago. From playground builds and beautification projects, to meal prep at local shelters, Ricky has embraced a commitment to giving back to his community through Foresters volunteer opportunities. “Volunteering has helped me get through some rough patches in life,” he said. “I’ve learned the importance and value of giving my time and money, and I feel a sense of fulfillment when I give freely. It’s great that Foresters financial backing and support from fellow members makes helping other people easy.”

$1.85 million in Foresters Competitive Scholarships awarded

3,898 members supported through Foresters Emergency Assistance

$1.31 million in Emergency Assistance went to Foresters members

6,536 hours of leadership training for member leaders

900+ community organizations were supported by members donating time and effort through Granting activities

$3.84 million in Grants creating 1,954 fun family and volunteer activities attended by 76,991 members and guests

To access or learn about your member benefits, visit MyForesters.com
Helping our Branch Councillors affect positive change

“As a Branch Councillor, I’m a conduit to my local community, and Foresters provides the tools and financial assistance to provide help to others.”

RODNEY HORTON
Branch Councillor, California, U.S.

When Rodney found out about Foresters member benefits while searching for a life insurance product, he was hooked. Shortly after becoming a member, Rodney decided to run for Branch Councillor in the Mid-Atlantic Constitution Branch, and became Council President a year later. Unfortunately he had to resign his position when he relocated for work. But Rodney had developed a vested interest in the betterment of Foresters because of its long history of supporting members and their families, and he was eager to continue his service. That’s why he is now a Branch Councillor with the Central California and Reno Branch. “I wanted to finish what I started,” he said, “even if it meant finishing it on the other side of the country.”

“In my role as Branch Councillor, I help focus and support the impact Foresters makes in my community. I’m so proud to be able to make a difference this way.”

CARYS SHARP
Branch Councillor, Newport Gwent, U.K.

Helping our Branch Councillors affect positive change

The first Foresters Community Grant program event that Carys organized was for a cause dear to her heart. Her brother lived on the streets when Carys was a teenager, and she had always wanted to do something to give back to vulnerable youth because of it. Creating comfort kits for her local YMCA to provide to the homeless who use its resources was the perfect choice. After delivering a carload of sleeping bags and toiletries, Carys was filled with pride and satisfaction. “I had a big grin on my face knowing that so many people would be receiving these bags and would be warm and comfortable that night,” she said. “Without the financial support from Foresters, I simply wouldn’t be able to help so many people.”
Helping our employees give back

“I care about the well-being of others and their overall quality of life. Being able to make that kind of difference at work is amazing.”

NICOLE GOURLEY
Global Chief Membership Officer, Toronto, Canada

In November, Nicole and the team she leads at Foresters tied on aprons, rolled up their sleeves and cooked three different meals for Eva’s Place, an organization that supports homeless youth in Toronto. The energy was contagious as the team worked together toward one common goal: helping youth in crisis understand that they matter, that they deserve warm, delicious food; and that others care about their well-being.

“I’m fortunate that my role enables me to help others,” Nicole says. “It’s the reason I joined Foresters. Helping others is in our DNA.”

“David understands how fortunate his family is to be able to sleep warmly and eat when they are hungry. That’s why to him, giving back is simply non-negotiable. He brought his wife and sons to Highbanks, a Calgary-based organization that provides affordable housing and a nurturing community to young mothers. Foresters volunteers were there to spruce up the center with a coat of paint, and to make meal kits, blankets, and art for the organization’s clients. “The families who are here have such a need for the supports of places like this,” David said, “so just knowing you did something small to help them is pretty awesome.” With the resources Foresters puts back into communities, David knows he can continue making a real and lasting impact.

“To be part of Foresters means it’s easy to reach out and be part of a community.”

DAVID TALBOT
Regional Vice President Canadian Sales, Calgary, Canada
Helping our agents get involved

“We have so much fun building the playgrounds and seeing the community — the moms, dads, and kids — all working together.”

LOU SEVERINO
VP Marketing, NIDA Marketing Group, Inc., Minnesota, U.S.

With at least 10 playground builds under his belt, Lou is a veteran volunteer. But he was proud to once again roll up his sleeves and help Foresters and KaBOOM! build a milestone playground in Minneapolis. In six hours, Lou and 200 other volunteers helped create what became Foresters’ 150th playground since the start of our partnership in 2006. For Lou, seeing the kids run out onto the brand new playspace for the very first time, knowing that Foresters does this all over North America, was exhilarating. “It gave me a sense of connection and belonging to an organization that’s truly making a difference,” he said. “That our business with Foresters allows us to experience something like this is tremendous.”
Dear fellow members,

The board is pleased with the strengthening of Foresters Executive Committee during the past year, which was led by our CEO, Jim Boyle. I’m confident Jim and his team possess the drive, experience and talent to continue to improve Foresters’ financial performance, ensuring our ability to deliver our Purpose at a high level.

We all look forward to a busy and productive 2019.

Chair of the Board

BOB LAMOUREUX,
Chair of the Board

What the numbers mean

Annualized weighted sales

Annualized weighted sales is a common measure used in the life insurance industry to measure new sales of products during the year. In this measure, for example, sales of polices with ongoing premium payments receive a higher weighting than sales of products with a single premium payments and fees earned on funds under management and administration.

Total premiums

This is the total number of certificates and contracts that are active or “in force” at The Independent Order of Foresters and their subsidiaries.

Surplus

Surplus is the value of our assets minus our financial obligations to members and others. A strong surplus position on surplus is used to fund member benefits and community investments in support of Foresters purpose.

What the LICAT ratio means

The Life Insurance Capital Adequacy Test ("LICAT") ratio is a capital adequacy measure for life insurance companies established by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). It is a measure used to monitor that insurers maintain adequate capital to meet their financial obligations.

Total comprehensive income (loss)

This is the sum of net income and other items not recorded in net income such as unrealized gains and losses from foreign currency translation, unrealized gains and losses on assets backing our surplus and certain changes in employee benefit plan obligations.

Funds under management and administration

This is the market value of the assets that we manage and administer on behalf of our members and customers.

Certificates and contracts in force

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2018 financial highlights

Financial highlights for the year ended December 31, 2018

(All amounts are in Canadian dollars, unless otherwise stated)

USD million

What the numbers mean

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Key results at a glance

United States Total Annualized Weighted Sales (USD millions)

2018 REPORT TO MEMBERS
Summary Consolidated Statement of Comprehensive Income (Loss)
For the year ended December 31, 2018 with comparative figures for 2017 (in millions of Canadian dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2,381</td>
<td>$1,150</td>
</tr>
<tr>
<td>Net Premiums</td>
<td>$1,164</td>
<td>$1,096</td>
</tr>
<tr>
<td>Net investment (loss) income</td>
<td>$130</td>
<td>$542</td>
</tr>
<tr>
<td>Fee revenue</td>
<td>$396</td>
<td>$376</td>
</tr>
<tr>
<td>Other operating income</td>
<td>$13</td>
<td>$12</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$1,418</td>
<td>$1,585</td>
</tr>
</tbody>
</table>

Benefits & Expenses

- Gross benefits: $818
- Ceded benefits: $761
- Gross change in insurance contract liabilities: $542
- Ceded change in insurance contract liabilities: $403
- Policy dividends: $69
- Commissions: $471
- Operating expenses: $518
- Ceded commissions and operating expenses: $20
- Fraternal investment: $19

Total Benefits & Expenses: $1,911

(Loss) Income before income taxes: $84

Income tax (expense) benefit: $146

Net (Loss) Income: $62

Other Comprehensive Income (Loss)

- Items that will not be reclassified out of net income: $11
- Remeasurement gains (losses) on employee benefit plans, net of income taxes: $1

Total items that will not be reclassified out of net income: $12

Adjusted for: $12

Total items that are reclassified subsequently to net income: $0

Summary Consolidated Statement of Financial Position
As of December 31, 2018 with comparative figures for 2017 (in millions of Canadian dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$12,784</td>
<td>$16,384</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$7,939</td>
<td>$12,190</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$15,769</td>
<td>$28,574</td>
</tr>
<tr>
<td>Surplus</td>
<td>$4,045</td>
<td>$3,610</td>
</tr>
<tr>
<td>Total Liabilities and Surplus</td>
<td>$19,814</td>
<td>$32,184</td>
</tr>
</tbody>
</table>

Notes to the Summary Financial Statements
1. Basis of Presentation of the Summary Financial Statements
- The summary consolidated statement of financial position and summary consolidated statement of comprehensive income (loss) have been summarized for The Independent Order of Foresters ("Foresters Financial") consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards (in consistency with IFRS) and summarized form of Foresters Financial's financial position and results of operations. The criteria applied by management to the preparation of the summary financial statements are as follows:
  - a) the information in the summary consolidated financial statements is presented in a way consistent with the information in the audited financial statements, and
  - b) summary consolidated statements of changes in equity, cash flows, and comprehensive income (loss) have presented as consistent with the information in the audited financial statements.
- The summary consolidated statement of financial position and summary consolidated statement of comprehensive income (loss) is only a summary of the information in the Foresters Financial's financial consolidated statements. The period ended December 31, 2018. They do not contain all the disclosures required by International Financial Reporting Standards or sufficient information to allow a complete understanding of the results and state of affairs of Foresters Financial for the year then ended. The full consolidated financial statements for the year ended December 31, 2018, are available at foresters.com under Financial Information.

2. Basis of measurement
- Foresters Financial's consolidated financial statements have been prepared on the historical cost basis except for the following financial items in the statement of financial position:
  - Financial assets at fair value through profit or loss, available-for-sale financial assets, and derivative financial instruments are measured at fair value.
  - Employee benefit assets and obligations represent the funded status of these plans which is calculated as the difference between plan assets at fair value and the present value of defined benefit obligations.
  - Reinsurance assets and insurance contract liabilities are calculated using the modified gross asset liability method (GAALM) which is based on accepted actuarial practices according to standards established by the Canadian Institute of Actuaries and the Office of the Superintendent of Financial Institutions Canada. The method involves the projection of future events in order to determine the amount of assets that must be set aside to meet future obligations. It provides an actuarial discount of future benefits, and involves a significant amount of judgment; and
  - Land and buildings are measured at fair value.
- Goodwill is tested for impairment at the lowest level of identifiable assets or assets held together to form an operating segment. Internal goodwill and intangible asset impairment losses, which are assessed annually, the total cost of identifiable assets acquired in a business combination is fair value as of the date of acquisition. After the date of acquisition, the carrying amount of identifiable assets is reviewed for impairment at least annually, or more frequently if indicators of impairment are present.

3. Foreign Currency
- The Independent Order of Foresters functional and reporting currency is in Canadian dollars (CAD), which is the basis for the presentation of the consolidated financial statements. The functional currencies of the foreign subsidiaries and foreign operations have been translated into Canadian dollars. All assets and liabilities are translated at the closing exchange rate at the balance sheet date, and the income and expenses are translated using the average exchange rate for the year. The translation gains and losses are accumulated in other comprehensive income (loss), and separately presented in the comprehensive income section.

Appointed Actuary’s report
- The Board of Directors of The Independent Order of Foresters, which has the power to establish the accounting practices in Canada including selection of appropriate assumptions and methods in accordance with acceptable actuarial practices. The appointed actuary’s report is then approved by the Board of Directors. The full consolidated financial statements are available at foresters.com under Financial strength.

Report of the Independent Auditors
On the Board of Directors of The Independent Order of Foresters

Auditors’ Responsibility
- Our responsibility is to express an opinion on whether the summary financial statements are consistent with the audited financial statements.

Other Information
- Management is responsible for the other information. Other information comprises:
  - Information other than the summary financial statements and the auditors’ report thereon, included in the 2018 financial highlights.
- Our opinion on the summary financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the summary financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is consistent with the summary financial statements or our knowledge obtained in the audit, or otherwise appears to be materially incorrect.

We obtained the information, other than the summary financial statements and the auditors’ report thereon, included in the 2018 financial highlights as at the date of this auditors’ report.

Based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report the matter to the Board of Directors.

We have nothing to report in this regard.

Management’s Responsibility for the Summary Financial Statements
- Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in the notes to the summary financial statements.

Chartered Professional Accountants, Licensed Public Accountants
February 22, 2019
Toronto, Canada
Enrich your life
Nominate yourself for Branch Councillor

- Develop skills that can help you both personally and professionally
- Learn about your new role at a Councillor Orientation Meeting held annually in November
- Receive unique training at a Leadership Development Conference each year in June
- Collaborate and network with like-minded member leaders once a month by participating in one-hour-long meetings — 10 via teleconference and two in person
- Guide decisions that will help Foresters improve the member experience

Nominate yourself at foresters.com/nominations by noon ET on June 12, 2019

RODNEY HORTON
Branch Councillor, Fresno, U.S.

“I want to take advantage of all the opportunities out there that can help me create a better version of myself. Being a Branch Councillor means I can hone the skills I already have, and develop new ones that I can use both professionally and in my personal life.”