Understanding participating whole life insurance



Foresters Financial



More and more Canadians are turning to participating whole life insurance to meet their protection needs. With affordable coverage, flexible product features and the opportunity for dividend growth,[1] it is easy to see why.

Foresters Financial™ and your life insurance advisor are here to show you how participating whole life works and how it can help you get the most out of life.

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What participating whole life can do for you

Why participating whole life?

It's simple. Participating whole life insurance offers lifelong coverage with cash value and the potential to receive dividends.

Life insurance helps provide financial security for the people you care about most. It's a way to secure their future, even if something happens to you. With whole life insurance, you can get help covering needs like:

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

When you have your participating whole life certificate, you may have access to cash value through policy loans[2] and withdrawals.[3] As long as you pay your premiums and your certificate stays in force, the cash value grows over time. This is an asset that you may be able to use in different ways, from paying off debts to covering an unexpected expense.

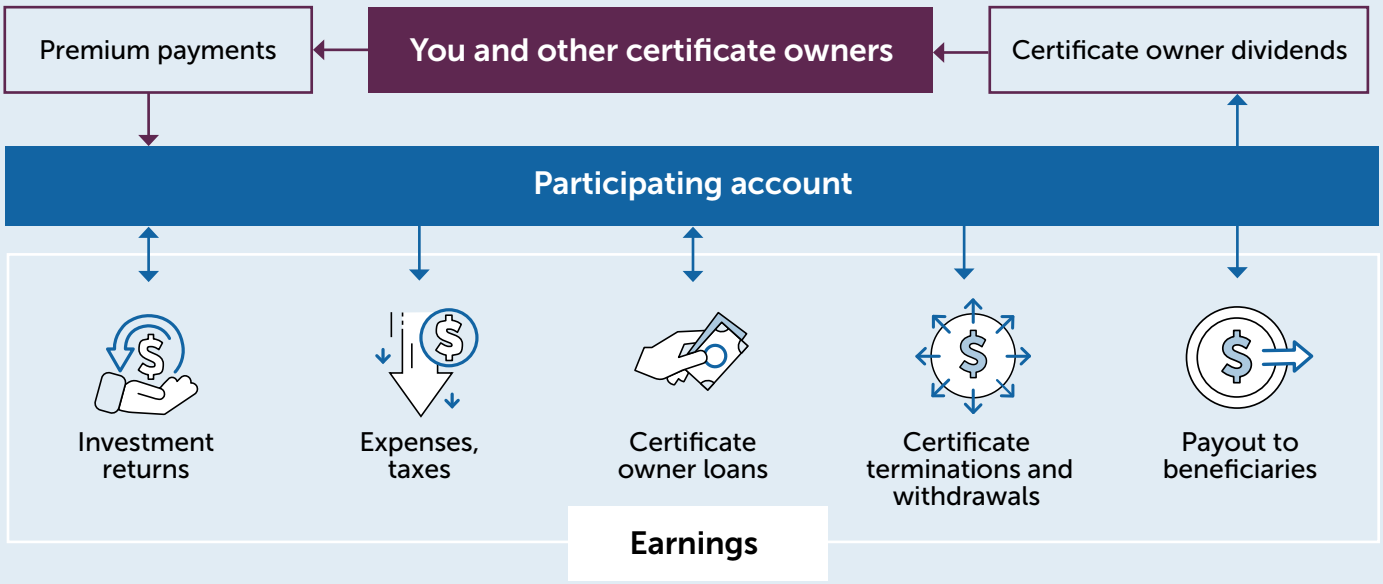
You may also earn dividends when Foresters declares them. These are a portion of Foresters earnings made available to certificate owners. With your dividends, depending on the dividend option selected for the certificate, you may be able to:

- Buy more life insurance coverage
- Reduce your premiums
- Receive the earnings in cash



A closer look at participating whole life insurance

You've seen what participating whole life can offer. Now, let's see how it all works. From where your premiums go to how you can earn dividends, our helpful infographic can provide a clearer picture of the process.



Let's break it down

Step 1

A portion of your premiums, along with a portion of the premiums of other participating certificate owners, go into our participating account.

Step 2

Funds in the participating account are invested in high-quality investments. If the account performs well, earnings are generated.

Step 3

A portion of these earnings are then shared with certificate owners as dividends.

How your dividends are calculated

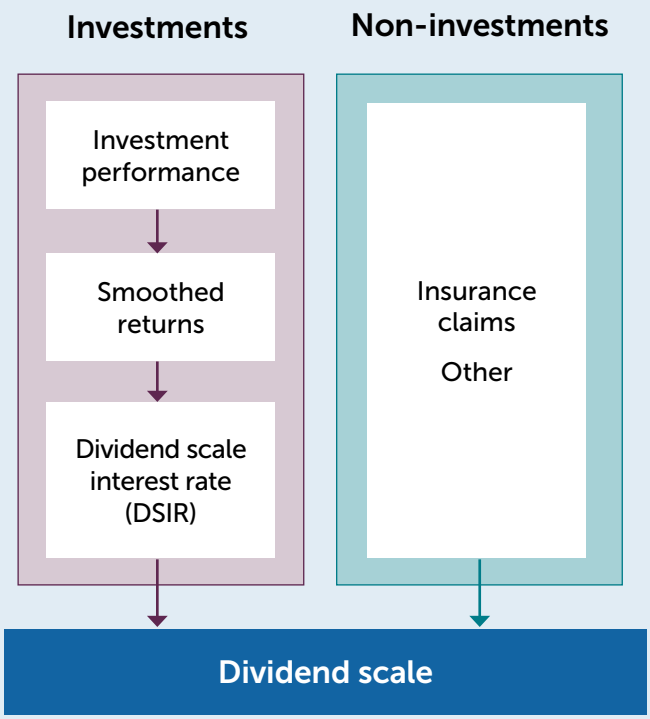
Participating whole life insurance certificate owners may receive dividends from Foresters participating account.

A dividend scale interest rate, often referred to as the DSIR, is determined on the actual return based on the previous year of the participating account and other non-investment-related factors. Foresters projects the DSIR for the upcoming year but the projection may differ from what is actually paid depending on the actual returns of the participating account.

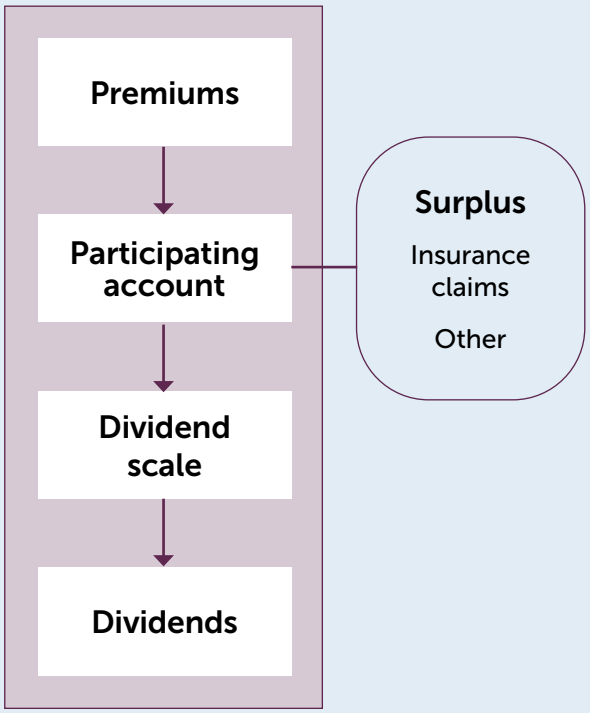
When dividends are declared, they are distributed to eligible certificate owners on the certificate anniversary.

It's important to remember that dividends are not guaranteed and will vary depending on our future experience. Foresters reviews the dividend scale interest rate annually, but it may not change every year.

How the dividend scale interest rate works



A quick look at how dividends are allocated



About Foresters



The Foresters difference

For more than 150 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.

Through our global member network, we provide volunteering efforts that directly benefit local communities in Canada, the US and the UK.

> The world we live in, you don't expect a company is really going to let me, as a member, use their funds to do something great in the community. I've never seen that done before. It's amazing.
>
> **Sherisse W.**
> Foresters member



Foresters highlights

For years, we've been consistently focused on ensuring our participating whole life insurance is meeting the needs of Canadians like you, so you can always count on your certificate with Foresters.



1957
Foresters launches its first participating product in Canada.



2015
Advantage Plus[4] participating whole life insurance is available.



2017
The innovative Charity Benefit provision[5] is added to Advantage Plus.



2020
Marked the 20th consecutive year that the independent rating agency A.M. Best gave The Independent Order of Foresters an "A" (Excellent)[6] rating.



2020
Foresters partners with a group of professional fund managers, significantly modernizing our Canadian participating portfolio.



2021
The Addition Purchase Option (APO) rider to Advantage Plus is introduced, which helps clients purchase more paid-up insurance.



2024
Celebration of Foresters 150th anniversary.



2025
Foresters maintained a strong financial position with assets of $19.6 billion and a surplus of $2.3 billion as of December 31, 2025.[7]



2025
The Foresters dividend scale interest rate increased by 75 basis points to 6.25%.

This is Foresters strength and security

Ensuring the well-being of families starts with securing our financial health. Foresters is here for you today and tomorrow. You can count on us to deliver the security, unique member benefits and community support that helps you live your best life.

"A"
(Excellent)
A.M. Best Financial Strength rating for 25 consecutive years[6]

Assets of
$19.6
billion CAD[7]

Surplus of
$2.3
billion CAD[7]

LICAT Ratio
188.2%
as of December 31, 2025[8]

Guarantees with Foresters

Foresters participating whole life certificates also come with guarantees including:



Guaranteed premiums



Guaranteed cash value



Guaranteed insurance



Guaranteed Reduced Paid-Up Insurance†

† After five years (applicable to Advantage Plus[4] and Advantage Max[4] only)

Foresters participating whole life insurance

Dividends paid through global crises

Since we launched our first Canadian participating life insurance product in 1957, Foresters has been dedicated to keeping our participating account strong. Our dividend payout history spotlights our commitment to ensuring our clients get the dividends they earn, even during global financial difficulties. Foresters has consistently paid dividends for more than 60 years.

OPEC Oil Embargo
1973
Dividend paid

Black Monday
Oct 19, 1987
Dividend paid

Asian Financial Crisis
1997
Dividend paid

9/11
Sep 11, 2001
Dividend paid

Stock Market Downturn
2002
Dividend paid

Financial Crisis
2008
Dividend paid

Covid 19
2020
Dividend paid

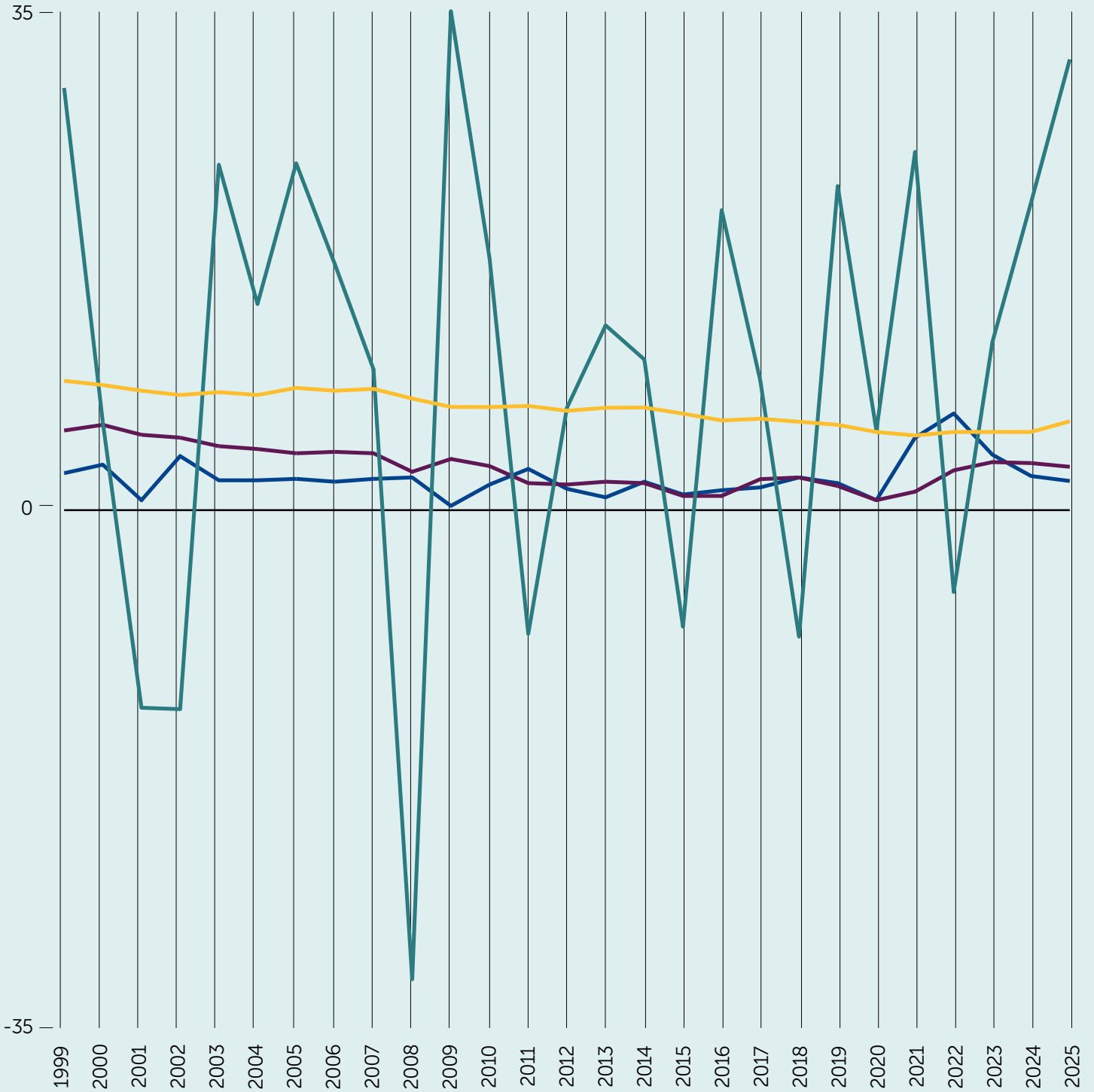
Historical performance

Over the past 25 years, Foresters dividend scale interest rate has remained, on average, above 6%. Our track record shows that our approach to investing for long-term growth and stability has been consistently successful. The following table and graph detail Foresters dividend interest rate relative to other popular economic indicators. Past performance does not guarantee future results.

Year	Foresters dividend scale interest rate	S&P/TSX composite total return index[9]	Government of Canada 5 to 10 year bond[10]	Consumer Price Index[11]
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	8.53%	9.9%	4.0%	2.2%
2008	7.85%	-33.0%	2.7%	2.3%
2009	7.26%	35.1%	3.6%	0.3%
2010	7.25%	17.7%	3.1%	1.8%
2011	7.33%	-8.7%	1.9%	2.9%
2012	6.99%	7.2%	1.8%	1.5%
2013	7.20%	13.0%	2.0%	0.9%
2014	7.22%	10.6%	1.9%	2.0%
2015	6.79%	-8.2%	1.0%	1.1%
2016	6.21%	21.1%	1.0%	1.4%
2017	6.43%	9.1%	2.18%	1.6%
2018	6.22%	-8.9%	2.3%	2.3%
2019	6.00%	22.8%	1.7%	1.9%
2020	5.50%	5.6%	0.7%	0.7%
2021	5.25%	25.2%	1.3%	5.1%
2022	5.50%	-5.75%	2.8%	6.8%
2023	5.50%	11.83%	3.38%	3.9%
2024	5.50%	21.65%	3.31%	2.4%
2025	6.25%	31.71%	3.05%	2.05%

Foresters Dividend Scale Interest Rate **6.25%** May 1, 2026 to April 30, 2027

Historical performance



Asset allocation

Foresters team of experienced investment professionals invest your premiums into a portfolio designed to safely maximize growth.

All assets are organized into asset classes, including public bonds, private credit and equity investments. Each of these classes brings different levels of returns and their own individual risks.

Our **asset allocation process** seeks to enhance portfolio diversification by carefully balancing its mix of investment options. By tapping into various opportunities across asset classes, geographies, and sectors, the goal is to optimize for returns while accounting for the risks and cash needs of the portfolio.

External third-party managers are selected for specific asset class mandates, and allows the portfolio to leverage the scale and breadth of global institutional-calibre investment platforms.



Our fund managers

BGO, the real estate manager of SLC Management, a Sun Life company

Churchill Asset Management, a subsidiary of Teachers Insurance and Annuity Association of America (TIAA)

Fiera Capital Corporation, one of Canada's largest independent asset management firms

Fiera Private Debt, a subsidiary of Fiera Capital Corporation and previously Integrated Asset Management

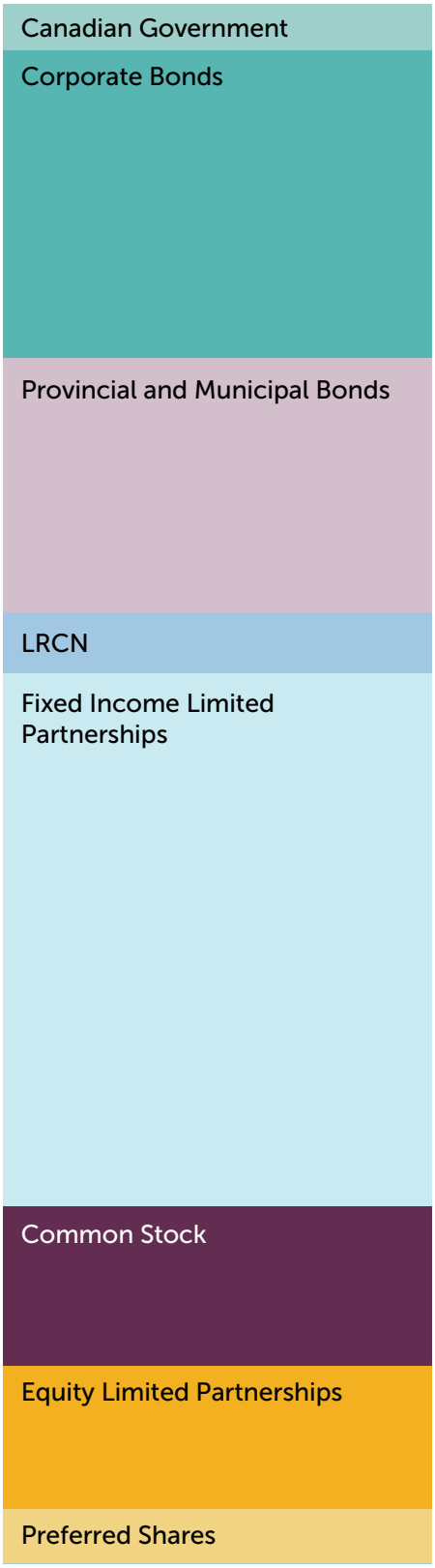
JP Morgan Asset Management, a subsidiary of J.P. Morgan Chase & Co.

SLC Fixed Income, the fixed income manager of SLC Management, a Sun Life company

Stonebridge Financial, a leading Canadian-based private debt solutions provider since 1998

TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank

As of December 31, 2025



Participating account asset mix

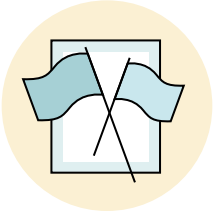
Over 75% of Foresters participating account is invested in fixed-income investments. The remainder of the portfolio is invested in equities and core commercial real estate. Investments are carefully selected to help provide a high level of security with long-term growth. Foresters participating accounts are well-diversified across various sectors, industries, and issuers and, more importantly, managed with an eye towards maximizing your risk-adjusted returns. The figures below are as of December 31, 2025, and may change depending on market performance and Foresters investment strategy.

Fixed income and short term	Values	Percentage
Cash and Equivalents	$ 1,851,292.59	0.45%
Canadian Government	$ 17,517,298.11	4.22%
Corporate Bonds	$ 69,315,111.76	16.69%
Provincial and Municipal Bonds	$ 71,901,898.39	17.31%
Limited Recourse Capital Note (LRCN)	$ 16,829,982.07	4.05%
Fixed Income Limited Partnerships	$ 141,560,335.37	34.09%
Total Fixed Income	**$ 318,975,918**	**76.81%**

Equities	Values	Percentage
Common Stock	$ 42,064,181.69	10.13%
Equity Limited Partnerships	$ 41,834,698.16	10.07%
Preferred Shares	$ 12,428,902.17	2.99%
Total Equities	**$ 96,327,782**	**23.19%**

Total Assets	**$ 415,303,700.31**	**100.00%**

Understanding different types of bonds



Federal and provincial government bonds

Federal and provincial bonds and strips are financial instruments issued by the Government of Canada or by one of the 10 provinces or three territories. The federal government's ability to levy income taxes and issue Canadian currency makes it the lowest credit-risk asset class (i.e. AAA) in a portfolio.

A provincial government's ability to levy income taxes, access federal funding and generate revenues from fees makes "provies" a higher-yielding but higher-risk variable alternative to federal bonds.



Corporate bonds

Corporations issue bonds to borrow money to fund projects or operations and raise lower-cost capital. The creditworthiness of a bond varies based on income, free cash flow and various other metrics. Corporate bonds are considered credit risks as they typically have greater yields from more revenue risks.

However, all corporate bonds in Foresters participating account are investment-grade, ranging from AA-rated to BBB-rated. Since 1981, BBB-rated bonds have an average default rate of 0.25%, meaning one in 400 BBB-rated bonds would default in a year, on average.



Municipal government bonds

A municipality or city's ability to tax residents and generate revenues from fees makes "munis" a lower-risk investment compared to corporate bonds. However, they are a higher risk than federal or provincial debt with more significant funding sources.



Limited Recourse Capital Notes (LRCNs)

LRCNs are a newer type of hybrid security combining elements of debt and equity issued by financial institutions like banks or insurance companies to institutional investors.

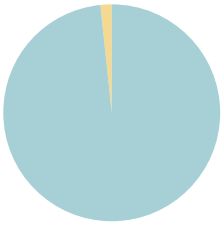
They function as a bond that would convert to an equity preferred share if the issuer were unable to pay the interest on it. Since they absorb a corporation's financial losses first before other bonds, LRCNs are considered higher risk. To compensate for that risk, these investments have higher interest rates than corporate bonds.

Bonds

The majority of the fixed income portion of Foresters participating account is invested in high-quality bonds, with over five years to maturity and an average credit rating of A or higher. The tables below reflect and break down the statistics of the individual bonds which the participating fund has invested in.

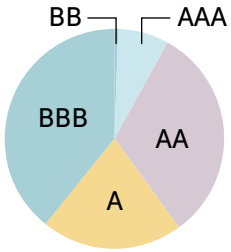
Bonds by term as of Dec. 31, 2025

Years to maturity	Percentage
Over 5 years	98.43%
0 to 5 years	1.57%
Total	100.00%



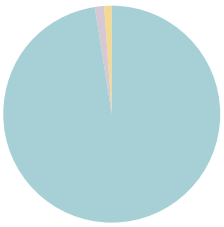
Bonds by credit rating as of Dec. 31, 2025

Credit rating	Percentage
AAA	7.43%
AA	31.80%
A	20.90%
BBB	39.05%
BB	0.46%
Grand Total	100.00%



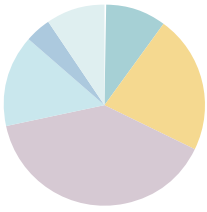
Bonds by country as of Dec. 31, 2025

Country	Percentage
Canada	97.69%
United States	1.37%
Other	0.94%
Grand Total	100.00%



Bonds by sector as of Dec. 31, 2025

Sector	Percentage
Canadian Federal Government	9.98%
Canadian Provincial and Municipal Government	21.97%
Corporate Bonds	39.48%
Provincial Strips	14.78%
Municipal Bonds	4.21%
LRCN	9.59%
Grand Total	100.00%



Account return

Your participating whole life insurance certificate includes a cash value amount that grows over time as earnings from the investment portfolio are returned, reinvested and compounded.

The dividend scale interest rate (DSIR) process is designed to decrease volatility from year to year in your account's dividend. The markets can be volatile over a short period, so other investment factors are incorporated, including forward-looking assumptions and expectations, as well as prior years' investment performance. There are also non-investment factors, such as the existing financial position of the participating whole life insurance product and the smoothing policy that gradually incorporates the ups and downs of any particular year over a longer period.

Year	Return on participating fund	Dividend Interest Rate
2025	4.73%	6.25%
2024	7.34%	5.50%
2023	8.5%	5.50%
2022	-12.0%	5.50%
2021	-0.5%	5.25%
2020	10.2%	5.50%



Foresters dividend options

You can choose how you receive your dividend earnings when you apply for coverage.

Dividends on deposit: Dividends stay on deposit within your certificate and can potentially earn interest. They can be withdrawn at any time, subject to taxation.

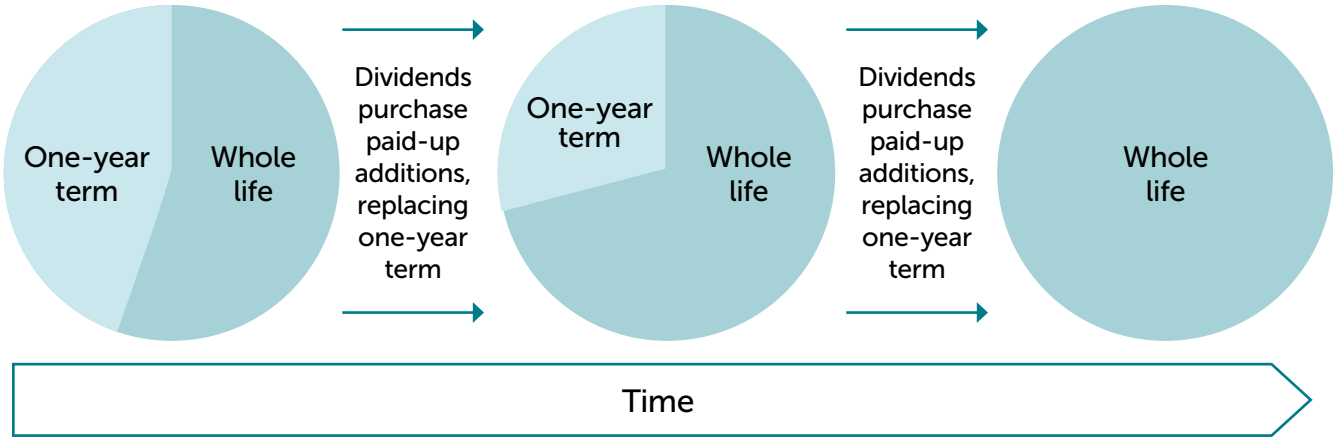
Cash payment: Dividends are paid directly to you and may add to your taxable income.

Premium reduction: Use your dividends to cover your premiums. If your dividends are greater than the premiums due, they remain on deposit and may earn interest.

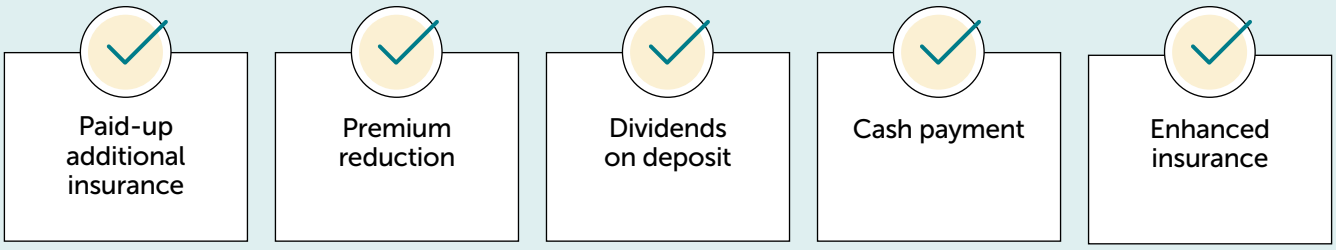
Paid-up additional insurance: Your dividends can be used to buy extra permanent life insurance coverage with no additional premiums required. This new paid-up additional insurance can also earn dividends and accumulate cash value.

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. If there are no changes to the certificate and all premiums are paid in full and on time, the enhanced insurance amount is guaranteed for the life of the certificate.

How does Enhanced insurance work?



You can change your dividend option to the following at any time after issue



If the enhanced insurance dividend option is changed to another dividend option, the enhanced insurance amount is no longer guaranteed

Discover member benefits

Member benefits that help you live well

At Foresters, you're more than a customer. You're a member who gets more from their insurer. Along with reliable life insurance, when you become a Foresters member you get access to enriching member benefits[12] that help you and your family live well today.



Access Competitive Scholarships[13] that can help with education costs.



Foresters Care™
Make a difference in your community with a twice-a-year grant of $200.



Use helpful grants to give back to your community and join in on inspiring volunteer activities.



Save on products from your favourite brands and fun experiences with Foresters Member Discounts™[14].



Secure online service helps prepare and store important documents including wills, powers of attorney and healthcare directives.[15]

That's just the beginning of what being a member gets you!

Ready to get started?

Foresters life insurance products are sold through independent advisors right across Canada. Chances are, you're already working with one. They are professionally trained to help meet your specific life insurance needs and get you started on the path to becoming a Foresters member.

For more information, contact:

Name

Contact information

Don't have an advisor?

Visit our website at foresters.com for information on how to find one in your area.

Foresters Financial, Foresters, Foresters Care, Foresters Moments, Foresters Renew and Foresters Member Discounts are trade names and trademarks of The Independent Order of Foresters (a fraternal benefit society, 789 Don Mills Rd, Toronto, Ontario, Canada M3C 1T9) and its subsidiaries. NC371

[1] Dividends are not guaranteed. Past dividends are not an indicator of future dividend performance.

[2] Loans can be taken if the certificate is in effect and has sufficient cash surrender value. The minimum and maximum amounts available for loan are calculated based on the terms of the certificate. Loans will reduce the death benefit and cash values and may affect how long the certificate is in-force. Interest is charged daily at a rate determined annually by Foresters. On every certificate anniversary, Owners are required to pay the loan interest accrued since the last certificate anniversary. If interest is not paid when due, a new certificate loan will be issued on the same terms and conditions as the existing certificate loan. Death benefit payable is net of the outstanding certificate loan amount(s) including any accrued interest. If, at any time, the loan amount(s) exceeds the cash value at that time plus the present value of paid-up additional insurance then in-force and the amount of dividends on deposit at that time, then the certificate will terminate. Loans may be considered a reportable tax event. You should consider consulting your tax advisor for details on your specific situation.

[3] Cash values may be withdrawn by canceling all or a portion of the paid-up additional insurance, if any, subject the terms and conditions of the insurance contract. Withdrawals will reduce the death benefit and cash value of the insurance contract. Each withdrawal may be considered a reportable tax event. Your client should consider consulting their tax advisor for details on their specific situation.

[4] Underwritten by The Independent Order of Foresters.

[5] This feature provides a benefit that is payable, upon the death of the designated insured person, to the eligible beneficiary, if any, designated for the benefit. Eligible beneficiary means an organization registered as a charity with the Canada Revenue Agency. The Charity Benefit will only be paid if an eligible beneficiary has been designated prior to, and is in effect on, the date of death of the insured.

An eligible beneficiary can be designated, or if designated can be changed, at any time prior to the date of death of the designated insured. The Charity Benefit will equal the lesser of 1% of the certificate's basic insurance amount, in effect on the date of death of the insured, and $100,000.

[6] The A.M. Best rating assigned on October 10, 2025 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 for our latest rating.

[7] Consolidated financial results prepared in Canadian dollars as of December 31, 2025. The 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. Financial strength refers to the overall health of The Independent Order of Foresters. It does not refer to nor represent the performance of any particular investment or insurance product. All investing involves risk, including the risk that you can lose money.

[8] Foresters Life Insurance Capital Adequacy Test ("LICAT") as of December 31, 2025 as reported in the Foresters Financial 2025 Report to Members. The LICAT ratio is a capital adequacy measure used to monitor that insurers maintain adequate capital to meet their financial obligations. It was established by the Office of the Superintendent of Financial Institutions ("OSFI") in Canada.

[9] S&P/TSX composite total return index includes the reinvestment of dividends. All figures are annual calendar year returns. TSX © Copyright 2026 TSX Inc. All rights reserved.

[10] Government of Canada five to ten-year bond returns are taken from Statistics Canada, CANSIM table 176-0043 (Statistics Canada website), May 5, 2026. For each calendar year, the average of the monthly values was used.

[11] 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), May 5, 2026.

[12] Foresters member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or cancelled without notice or are no longer available.

[13] This program is administered by International Scholarship and Tuition Services, Inc. Eligible members, their spouse, dependent children, and grandchildren may apply subject to the eligibility criteria. Please visit https://www.foresters.com/en-ca/member-benefits/scholarship-new-applicants for further details.

[14] Discounts are administered by BenefitHub Technology Canada Limited

[15] LawAssure is provided by Epoq, Inc. Epoq is an independent service provider and is not affiliated with Foresters. Some features may not be available based on your jurisdiction. LawAssure not available in the Yukon, the Northwest Territories and Nunavut. LawAssure is not a legal service or legal advice and is not a substitute for legal advice or services of a lawyer. Foresters Financial, its employees and life insurance representatives, do not provide, on Foresters behalf, legal, estate or tax advice.

Foresters Financial

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