

Doing more for you



Page 9

"Joining Foresters feels like an opportunity to invest in your community."

Gertrude K.,
Foresters member and Branch Councillor

Page 6

Get inspired

A community event gave strength to a Foresters member to carry on

Page 8

Meet an amazing scholarship winner

Ashtyn Shaw, princess with a purpose

Page 12

Financial highlights

The financial strength that helps us give back

Achieving our purpose together

At Foresters Financial, we believe in enriching lives and building strong communities – that’s our purpose. It is you, our members, who help us fulfill that purpose. Our quality savings, investments, protection and other financial solutions are just a starting point. In fact, our impact on communities last year demonstrates that being a part of Foresters goes beyond helping you reach your financial goals and protecting your family. Together we put our shared values to work to help give back in our communities. See what we were able to achieve together last year – and thank you!



Enriching lives

Over **\$2.5 million¹** awarded in Competitive Scholarships

Over **\$1 million** provided in Emergency Assistance to members across the United Kingdom and North America



Building strong communities

\$5.4 million awarded for member Community Grants initiatives. 128,080 members and their guests attended 1,785 fun family and volunteer activities

10 playgrounds built by Foresters volunteers and KaBOOM! providing 18,360 children and families with a safe place to play and connect

2,800 emergency preparedness kits were assembled with the American and British Red Cross Societies to help members prepare their communities in the face of a disaster



Making a difference

1,200 independent agents/advisers helped out at 15 events to support 2,800 children and their families across North America

738 Foresters agents/advisers and their guests lent a hand in local community revitalisation projects



Investing in leadership

62 new Branch Councillors joined the member leadership structure

Over **13,000** hours of training provided for member leaders



Our financial strength

1,212,172 members strong

3.1 million certificates and contracts in force

A.M. Best Financial Strength rating of **“A” (Excellent)** for the 16th consecutive year¹

\$44 billion funds under management/administration, an increase of 30.6% over 2015

12% increase in life insurance and annuity premiums from 2015

31% increase in Asset Management Fee revenue from 2015

\$712 million in insurance claims and benefits paid

Looking back, looking forward

Last year was an exciting one for Foresters Financial, our first working under our new name, with a renewed focus on our purpose to enrich lives and build strong communities. We demonstrated that commitment through \$27.5 million invested into our members and their communities. With more than 128,000 of you and your families participating in community and member activities and \$5.4 million approved for granting activities, the enthusiasm of Foresters members inspires me. In 2017, the continued execution of our Winning on Purpose strategy will drive the sustained and profitable growth of our business while increasing the positive impact of our purpose.



Anthony Garcia, President and Chief Executive Officer

A Q&A with the CEO

Our CEO, Anthony Garcia, shares some of the year's highlights and looks forward to the future.

What has Foresters been doing over the last year to continue implementation of its long-term strategy to 2025?

We have all been motivated by our commitment to do more for our members, their families and communities. To deliver on that, we have focused on increasing our ability to meet and exceed our members' expectations, improve our operational excellence and reach new members who are drawn to our unique purpose. We have also carried on our work to develop an organisational culture that will help unlock our full potential.

What are your priorities in 2017?

We have a number of key priorities for the year. From a member perspective, I think there are three points that will really resonate. First, we are focusing on creating new products that meet the evolving needs of our members, through all of life's stages. Second, we're working towards modernising our technology and systems, with an end goal of creating superior member service. Finally, we are going to focus on distribution – to help us expand our impact by reaching the community-minded families most likely to see value in our story.

What excites you about what is in store for Foresters this year?

Our people and our members continue to impress me with the many ways they bring the Foresters difference to life. I am excited to see the organisation be our members' supportive partner, encouraging and empowering even more of them to get engaged in their communities by applying and volunteering for community-building projects through our Community Grants. I also look forward to seeing our many Foresters families connect with each other, live our purpose and share their excitement about what makes us unique with other people they know.

How does Foresters purpose impact your own life?

I live our purpose every day – it's what energises me. From serving on charitable boards, to working alongside more than 100 Foresters volunteers at a Foresters and KaBOOM! playground build, to sleeping on the street to help raise awareness and funds in support of homeless youth. These are just a few ways I've experienced Foresters purpose first hand. Each experience has taught me a lot and makes me reflect about how I can continue to make a difference in the world. It's an amazing privilege to lead an organisation where doing good is part of our DNA.

Executive Leadership Team



Anthony Garcia
President and Chief Executive Officer



Andrew Adie
Enterprise Chief Risk Officer



Euan Allison
President, United Kingdom Savings, Investment and Protection



Bill Lipkus
President, North American Asset Management



Cheryl Neal
Chief Marketing and Innovation Officer



Suanne Nielsen
Chief Talent Officer and Corporate Secretary



Knut Olson
President, North American Life Insurance and Annuity



Paul Reaburn
Chief Financial Officer



Clark Wagner
Chief Investment Officer



René Zanin
Chief Legal Officer and Chief Compliance Officer

Board of Directors

Richard M. (Dick) Freeborough, Canada, Chair of the Board

Brian A. Isabelle, Canada International Fraternal President

Sonia A. Baxendale, Canada

James M. (Jim) Bowden, United States

Anthony M. (Tony) Garcia, Canada President and Chief Executive Officer

Robert E. (Bob) Lamoureux, Canada

Frank N.C. Lochan, Canada

Martha E. Marcon, United States

Laraine J. Morris, United States

David E. (Dave) Morrison, Canada

David R. (Dave) Saunders, United Kingdom

John B. Scott, United States

Michael P. Stramaglia, Canada

Christopher J. (Chris) Stranahan, United States, International Fraternal Vice President

Wendy A. Watson, United States

Message from the Chair



Last year was about implementing Foresters Financial long-term strategy to 2025 as well as attending to business as usual. Thanks to the great work of our CEO Tony Garcia and the Executive Leadership Team, we have made solid progress while also encountering some roadblocks along the way. We learn from dealing with adversity and are served well by our core values of accountability, integrity and responsiveness.

A sound corporate culture will allow Foresters Financial to take the risks that are necessary to implement our long-term strategy and engage in innovation. Part of a sound culture is the understanding of risk management. We have made great strides in strengthening our risk management procedures and overall culture.

This is my last report to the members as I reach the end of my term on June 25th. I want to thank you for allowing me to be part of Foresters governance for the last 12 years. My life has been incredibly enriched by the experience including not only the board management and business oversight, but also the many and varied contacts I have had with members. The discussions with members has been one of the most rewarding aspects of my journey.

I want to thank the men and women who serve with me on the Board. They are a caring group of individuals who give insight and are dedicated to Foresters Financial. I know they join me in extending thanks and gratitude to our member leaders, member volunteers, employees and business partners for sharing your passion and efforts in support of our purpose. I particularly want to thank Brian Isabelle, our International Fraternal President for the collaboration alongside Tony and I. This is so essential to the oversight of our organisation.

Congratulations to the Board members who like me will be leaving the Board. I believe the Board members proposed by the nominating committee will bring new strength and vitality to the Board. I wish the continuing members and those who will join them the best of good fortune in the future.

Thank you.



Dick Freeborough, Chair of the Board

Strength to carry on

Giving back takes on new importance for a bereaved Foresters family



Foresters Financial member Vicky Stubbins and her family experienced terrible heartbreak in 2014 when her 10-year-old son Rohan died of a rare genetic illness. The following spring the family, from Southport, attended a Foresters activity for the first time. Travelling to Alton Towers Theme Park in Staffordshire, Vicky, her husband, daughter, 6 and two stepchildren ages 7 and 10, were able to just have fun together for the first time in a long while.

"We had an incredible day out," says Vicky, a work-based learning consultant.

Unaware of her recent hardship, Foresters asked Vicky if she would host a Foresters activity herself. She hesitated, but after hearing that nobody else had volunteered, she decided to go for it. "As a family, we felt it was really important that you don't just 'take' all the time; you give back too."

Touchingly, the August 2015 activity was a community clean-up to spruce up the entrance grounds of Vine House, a cancer support centre and hospice in Preston. "It felt good. The kids really enjoyed the day and asked when we could do more," she says.

Left: Vicky S., Foresters member, with her daughter Yazmin A.

Right: Vicky hosted an activity to assemble care packages for families at Ronald McDonald House® in Liverpool



The family has since volunteered for other events. Last November, Vicky hosted an activity to assemble care packages for families at Ronald McDonald House® in Liverpool. She knew from her own experience the turmoil that parents go through when suddenly faced with their child's serious health diagnosis and wanted to include items she thought they would find handy. "We can't necessarily afford to fund these activities from our own pockets," she says, pointing out that Foresters Community Volunteer Grants make that part possible. "What we can do is spare some time."

Vicky has become so engaged with Foresters that last year she ran and was elected as a Branch Councillor for the Northwest and North Wales region. "It doesn't take up masses of your time," she says, and the position has given her the chance to network and share Community Volunteer ideas with other member leaders to encourage them to apply for a Grant. Members can apply for a Community Volunteer Grant by visiting foresters.com.

Getting involved with Foresters is not something Vicky expected. But she thinks a special boy would be telling his mum to keep on with it: "I think it would make my son proud. Losing him has really awakened me to others' needs."

Our members build stronger communities

Across three countries, Foresters members showed the same passion for giving back, spending quality time together and having fun by leading volunteer activities in their local communities. Last year, Foresters Community Grants gave \$5.4 million to help enrich lives and build strong communities. Here is a sample of what we accomplished together:

United Kingdom

St Austell, Cornwall

80
Foresters volunteers planted a tranquil sensory garden for children with multi-sensory impairment at Little Harbour Children's Hospice

Plymouth, Devon

£1,000
worth of food was packed by Foresters members and donated to Anode Charity

Swindon, Wiltshire

55
care packages were assembled for victims of domestic abuse at Swindon Women's Aid



Canada

Toronto, Ontario

80
families living at a local Ronald McDonald House® were served dinner and smiles by friendly Foresters members

Calgary, Alberta

60
essential care packages were created by Foresters volunteers for the Calgary Homeless Foundation

Moncton, New Brunswick

200
unique pillowcases were crafted by Foresters members for young cancer patients at Dr. Georges-L.-Dumont University Hospital Centre

United States

Blanchard, Oklahoma

100
holiday baskets were filled by Foresters members for Senior Citizens of Dibble, Oklahoma

Ogden, Utah

100
hygiene kits were put together for vulnerable residents at St. Anne's Homeless Shelter

Blue Springs, Montana

650
warm blankets were lovingly made by 17 Foresters volunteers for distribution at shelters, hospitals and Ronald McDonald Houses®



Left: Danielle and Nicole T., Foresters volunteers

Right: Zachary T., Foresters volunteer

Get involved! Organise a volunteer activity in your community:



Get inspired. Plan your own volunteer activity.



Choose a local cause that you're passionate about.



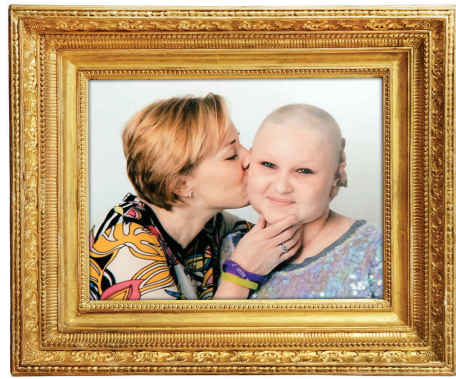
Visit foresters.com to access helpful resources to assist your planning.



Apply now at foresters.com.

Princess with a purpose

A Foresters Competitive Scholarship winner uses her own struggle to help others



Once upon a time there was a 15-year-old girl named Ashtyn Shaw who got very sick. In the Autumn of 2012, her doctors told her she had Hodgkin's Lymphoma, a cancer of the lymphatic system. The girl from Wichita Falls, Texas had to spend a lot of time in the hospital getting treatments.

She lost her hair. She didn't feel good. She thought she looked ugly.

But Ashtyn got better. Her own illness and treatment inspired her to start the Amazingly Small Heroes (A.S.H.) Project. This non-profit organisation sends volunteers to the Cook Children's Medical Centre where Ashtyn was treated.

Ashtyn, her friends and family are part of the core crew of volunteers. Dressed as princesses and superheroes and bearing presents, they spend time playing with children who are battling serious illnesses, helping to bring smiles to their faces.

"I wanted to make the kids in the hospital feel like they're just as good as anybody else, that they look just as good, they're just as amazing," said Ashtyn, who is CEO of the A.S.H. Project and continues to participate in the popular hospital visits during school breaks.

Foresters thought that Ashtyn's dedication to giving back was pretty amazing. That's why she was awarded a Foresters Competitive Scholarship, one of many benefits available to Foresters members and their families. After quickly getting back on track with school, Ashtyn, whose grandfather is a Foresters member, was accepted to the University of Oklahoma. She is majoring in human relations with a minor in non-profit organisations.

"The scholarship makes sure that I can focus solely on my education," said Ashtyn, who continues to be cancer-free and is in her second year of university.

Connie Shaw, Ashtyn's mum, said the scholarship allows her daughter to attend the university of her choice and sees strong parallels between Ashtyn's dedication to "making the world a better place" and the values of Foresters.

Fighting cancer has been no fairy tale. But for Ashtyn, it has led to something wonderful she can share with others.

"It is a sense of accomplishment," she says. "But it's also something that I feel lucky to do because I love it so much."

Foresters Financial believes in doing more – for you, your family and your community

The Foresters Competitive Scholarship program is just one of many benefits our members can enjoy:

- Community volunteer grants
- Local volunteer activities
- Personal financial counselling and educational tools through *Everyday Money*

Don't miss out! Access these and many more member benefits by visiting foresters.com.



Watch this story online:

1. Visit foresters.com
2. Click on "Member benefits"
3. Select "Videos"

Bringing people together

A new Branch Councillor discovers even more reasons to love Foresters Financial

For most of us, we expect to purchase an insurance policy, throw it in a drawer and never think about it again.

Not Gertrude Kaburia. After hearing about the opportunities offered by Foresters for involvement in the community and member governance, the Mississauga, Ontario accountant decided she had to be part of it. Her purchase of a product felt "like an opportunity to invest in my community," says Gertrude. "I wanted to just jump in – not be on the sidelines."

And she did. Last September, Gertrude ran for and was elected to a Branch Councillor position within the Greater Toronto Area Branch.

Branch Councillors provide strong local leadership by helping to guide and support the impact Foresters makes in members' communities.

"It's incredible to have oversight of resources in the community," she says. "It's a privilege."

She participates in monthly conference calls with nine other Branch Council members and sits on a committee that helps set up community events. Attending her first Councillor Orientation Meeting last November, "opened my eyes," to the dedication of many longtime Foresters member leaders. She saw that the Foresters purpose was "real," not mere window-dressing.

"I'm looking at people who have been doing this for 20 and 25 years," she says. "I feel like I have a responsibility to carry this forward."

A Kenyan native who left a large, extended family to come to Canada, Gertrude was taught the importance of supporting one another and those in her community. Although she has made a good life in her new home, meeting and marrying her husband Terry, she has always "looked for a community to belong to that has the same values as I have."

Gertrude feels she's found it as a Foresters Branch Councillor and encourages others to do the same: "In a world where there is so much unkindness, it's grounding to be among people who are still supporting their local community. It brings people together."

"In a world where there is so much unkindness, it's grounding to be among people who are still supporting their local community. It brings people together."

Gertrude K., Foresters member and Branch Councillor

Your voice matters!

Foresters is member-based and democratic. That means members like you can stand for election or vote for those that do. *It's easy to get involved!*

Important dates

Until June 7

Nominations are open for Branch Councillor positions at foresters.com.

August

Watch for your Branch elections package in the mail.

August to September 18

Vote online or by mail.



'They see the real side of you'

Staying close to his community is part of one Foresters adviser's volunteerism



Below: Mel D., Foresters adviser, with wife Sandra D.

For Mel Douglas, being a Foresters Financial adviser has always been about connecting with his community.

He regularly criss-crosses the north-eastern countryside to meet with his clients. He has about 1,000, spread across 350 households. Whether it's a bungalow miles away from anything else, or a flat in a small town, Mel goes to his customers, not the other way around.

"It's the old way, where you visit people in their homes," says Mel, who is based in Bedlington, 15 miles north of Newcastle upon Tyne. For some customers, Foresters has been with them for generations. "You end up being part of the family. The children know who you are."

Mel not only works for Foresters, he and his wife Sandra are active members too. Each year they host events for Foresters members, as well as volunteering at Foresters activities organised by others. Last year they put on two member events at local cinemas. Sandra applies for the Grant and organises everything online. Mel is there to help her and enjoys socialising with and supporting other members.

His volunteering has led to some touching moments. On one particularly muscle-straining day in July 2014, Mel found himself part of a work crew digging out soil from garden borders and filling them with gravel for a cancer hospice. "It was really hard but also really good," he says. "It was very fulfilling."

And last December, he and Sandra were part of a group of Foresters volunteers who put together holiday care packages for children in need in partnership with the Cash for Kids charity. Experiences like that remind him why he's glad to be part of an organisation that not only gives back to its members, but to the community too.

"It was so humbling," he says. "It's good to know that you've been able to do something to help those less fortunate than yourself."

How they give back

Mel is among thousands of Foresters advisers who lend a valuable hand each year with Foresters community volunteer activities. Whether it's a playground build, putting together care packages for people in need or serving a warm meal, our advisers share our commitment to making Foresters products just the starting point for enriching the lives of families and communities.

You can give back too!

Apply for a Foresters Community Grant and give back to your local community by organising your own volunteer activity. Visit foresters.com.

ISAs – 18 years of tax-free savings



Individual Savings Accounts (ISAs) were first introduced on 6th April 1999. In 2015/2016 over 12.7m ISA account holders contributed around £80 billion to their plans. A further 740,000 Junior ISAs were also contributed to in the same year*.

There have been several changes to ISAs since launch, from increased contribution limits to the introduction of different types of ISAs. But fundamentally their objectives remain the same, and that's to offer investors a shelter from tax. After nearly 20 years ISAs still remain one of the best investments available. They are simple, transparent and are an ideal savings and investment vehicle for everyone aged 18 and over who are UK residents for tax purposes (16 if taking out a cash ISA).

Tax free savings

In the current tax year adult savers can now save up to £20,000 in a combination of permitted ISAs. Probably the easiest way to think of an ISA is that it's a tax efficient shelter for your savings and investments. ISAs are completely free of income and capital gains tax and no tax is payable on money withdrawn. But remember, tax treatment depends on individual circumstances and may be subject to change.

Some of the different types of ISAs available:

Cash ISA: Generally seen as shorter term savings, savers receive an interest rate on their savings. It's a secure low risk way to save but with current inflation levels exceeding interest rates – the 'real value' could fall each year which could result in being able to buy less and less with your savings.

Innovative Finance ISA: This type of ISA lets people add money to peer to peer lenders or invest in companies through crowdfunding. By cutting out the banks and lending directly to a borrower, there's scope for higher returns, although this tends to be a higher risk option.

Stocks and Shares ISA: Generally seen as a better solution for medium to longer terms savings – typically more than five years. Whilst the value of your investment may fall or rise and you could get back less than you paid in, according to independent research (Barclays Equity Gilt Study 2016) in every 18 year period over the past 99 years, the probability of shares outperforming cash was 99%.

Lifetime ISA: Only just available, these ISAs are designed to help people aged between 18 and 39 save up for their first home with a value of up to £450,000, or to save for later on in life, when they reach age 60 and over. If you take some or all of your cash out before age 60, and it's not for a first house purchase, you'll pay a 25% penalty to the Government on the amount withdrawn.

Junior ISAs: Introduced 1st November 2011 these ISAs are available to children under 18. Like an ISA, they can be invested in both cash and stocks and shares and help to encourage a savings habit at a younger age. Parents, family and friends can save up to £4,128 each year for a child which is payable when the child reaches 18.

Make sure you consider the charges

You will be charged for all ISAs where the investment is in Stocks and Shares. Generally this will be in the form of an annual management charge and often a Fund management charge. However, make sure you understand any other charges that might be applied before you consider taking one out, such as dealing costs, minimum charge levels, transfer out or even paperless charges. You'll find the full charge details in the important documents such as Key Features or Terms and Conditions.

Foresters Financial offer both Adult and Junior Stocks and Shares ISAs and will launch a Lifetime ISA later this year. If you would like further information about our ISA products, please visit foresters.com where you can read more or arrange for one of our Financial Advisers to visit you.

2016 financial highlights

Financial highlights for the year ended December 31, 2016
(All amounts are in Canadian dollars, unless otherwise stated)

With our 140+ year history, Foresters Financial is financially strong and well-positioned for long-term financial strength. On these pages, we share our key financial results, which are indicators of our growth, financial strength and stability.

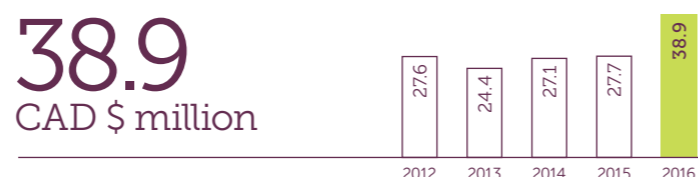
Sales

United States
Total Annualised Weighted Life Insurance,
Annuity and Fund Sales



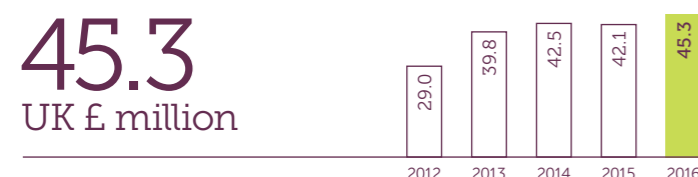
Total US annualised weighted sales were US \$221.9 million, a 4.6% increase from 2015 due to strong sales from new and existing distribution channels, across all product lines. Included in this total are weighted Funds sales of \$117.9 million, which were up 5.4% over 2015. Much of this improvement was due to an increased focus in our advisory program and the wholesale channel.

Canada
Total Annualised Weighted Life Insurance,
Annuity and Fund Sales



Annualised weighted sales were \$38.9 million, a 40.4% increase over 2015. The increase was due primarily to a 75% growth in our Canada Protection Plan channel which benefited from refreshed term product enhancements and pricing, a 15% growth in brokerage sales and approximately \$6.8 million of weighted Mutual Fund sales from our newly acquired Canadian Mutual Fund company.

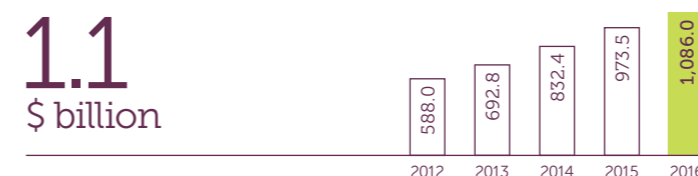
United Kingdom
Total Annualised Weighted Sales



Total annualised weighted sales were £45.3 million, a 7.6% increase over 2015. This increase was due to the growth in sales in Forester Life Limited, which rallied up in the second half of the year, partly offset by a decline in sales in the Forester Fund Management Limited business. £34.4 million came via our sales force and £10.9 million came from our direct-to-customer channel.

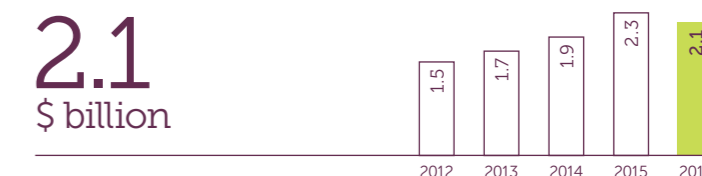
Key results

Total Premiums



Total gross life insurance premiums were \$1.1 billion, a 11.6% increase over 2015. The upward trend in premiums is largely due to our growing block of in-force policies, and continued strong first year premiums.

Surplus



Foresters Financial surplus was \$2.1 billion at the end of 2016. The decrease year over year was primarily due to net unrealised foreign currency translation losses which arose on the translation of assets and liabilities, income and expenses of our foreign subsidiaries and branch operations as the Canadian dollar strengthened in the year against the US dollar and the UK pound. At December 31, 2016 our MCCR ratio was 399%, well above the Canadian life insurer average of 233% at December 31, 2016.¹

Total Comprehensive Income (Loss)



Total comprehensive loss of \$172 million for 2016 was primarily due to net unrealised foreign currency translation losses of \$85 million relating to foreign branches and subsidiaries and certain 2016 strategic spends across the organisation. Prior year's total comprehensive Income of \$385 million included currency translation gains of \$273 million.

Funds under Management and Administration



Funds under management and administration grew to \$44 billion, a 30.6% increase over 2015. The increase was in part due to the acquisition of Foresters Asset Management Inc. and Foresters Financial Investment Management Company of Canada Inc. which added approximately CAD \$10 billion to Funds under management and administration.

Certificates and Contracts In force



At December 31, 2016, Foresters Financial had over 3 million certificates and contracts in force. Since 2012, the number of in-force certificates and contracts has grown by well over one million due to the acquisition of The Children's Mutual in the UK and strong sales of our products.

What the numbers mean

Annualised weighted sales

Annualised 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 policies with ongoing premium payments receive a higher weighting than sales of products with a single premium payment.

Total premiums

This amount is the total gross life insurance and annuity premiums paid or owing to Foresters Financial during the year from certificate and contract holders.

Funds under management and administration

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

Total comprehensive income (Loss)

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

Surplus

Surplus is the value of our assets minus our financial obligations to members and others. A strong surplus position first and foremost gives Foresters Financial the ability to withstand economic and business volatility, and it allows us to invest in the growth of our business through increased sales and acquisition activities. Also, a portion of earnings on surplus is used to fund member benefits and community investments in support of Foresters Purpose.

MCCR ratio

The Minimum Continuing Capital and Surplus Requirements ("MCCR") 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.

Certificates and contracts in force

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

Summary Consolidated Statements of Comprehensive Income (Loss)

For the year ended December 31, 2016 with comparative figures for 2015
(In millions of Canadian dollars)

	2016	2015
Revenue		
Gross premiums	\$ 1,086	\$ 973
Ceded premiums	(88)	(85)
Net Premiums	998	888
Net Investment Income	467	107
Fee revenue	353	333
Other operating income	11	17
Total Revenue	1,829	1,345
Benefits & Expenses		
Gross benefits	717	706
Ceded benefits	(46)	(38)
Gross change in insurance contract liabilities	356	(144)
Ceded change in insurance contract liabilities	(19)	(69)
Dividends	47	45
Commissions	342	298
Operating expenses	482	385
Ceded commissions and operating expenses	(18)	(16)
Fraternal investment	19	19
Total Benefits & Expenses	1,880	1,186
Income before income taxes	(51)	159
Income Taxes	24	35
Net Income	(75)	124
Other Comprehensive Income (Loss)		
<i>Items that will not be reclassified to net income</i>		
Remeasurement gains (losses) on employee benefit plans, net of income tax recovery (expense)	(10)	1
Net unrealised gains on property	1	5
Total items that will not be reclassified to net income	(9)	6
<i>Items that are or may be reclassified subsequently to net income</i>		
Net unrealised gains (losses) on available-for-sale assets	4	(19)
Reclassification of net realised losses (gains) on available-for-sale assets	(7)	1
Net unrealised foreign currency translation gains (losses)	(85)	273
Total items that are or may be reclassified subsequently to net income	(88)	255
Total Comprehensive Income	\$ (172)	\$ 385

Summary Consolidated Statements of Financial Position

As of December 31, 2016 with comparative figures for 2015
(In millions of Canadian dollars)

	Dec 31, 2016	Dec 31, 2015
Assets		
Invested Assets		
Cash, cash equivalents and short-term securities	\$ 360	\$ 394
Bonds	7,114	7,176
Equities	789	856
Other invested assets	158	145
Loans to certificate holders	368	371
Total Invested Assets	8,789	8,942
Reinsurance assets	316	302
Accrued investment income	70	78
Deferred acquisition costs on investment contracts	62	57
Prepaid commissions	68	72
Deferred tax assets	40	40
Other assets	92	71
Property and equipment	63	62
Employee benefit assets	3	4
Goodwill and intangible assets	268	286
	9,771	9,914
Net investments for accounts of segregated fund unit holders	3,674	3,746
Total Assets	\$ 13,445	\$ 13,660
Liabilities		
Insurance contract liabilities	\$ 6,995	\$ 7,005
Investment contract liabilities	162	172
Derivative financial instruments	17	24
Benefits payable and provision for unreported claims	156	175
Other liabilities	253	184
Employee benefit obligations	69	63
	7,652	7,623
Investment contract liabilities for accounts of segregated fund unit holders	3,674	3,746
Total Liabilities	11,326	11,369
Surplus		
Retained earnings	1,736	1,811
Accumulated other comprehensive income	383	480
	2,119	2,291
Total Liabilities and Surplus	\$ 13,445	\$ 13,660

The full consolidated financial statements are available at foresters.com under Financial strength

Notes to the Summary Financial Statements

1. Basis of Presentation of the Summary of Financial Statements

The summary consolidated statement of financial position and summary consolidated statement of comprehensive income have been summarized from The Independent Order of Foresters ("Foresters Financial") consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards to portray in summarized form Foresters Financial's financial position and results of operations. The criteria applied by management in the preparation of these summary financial statements are as follows:

- the information in the summary financial statements is in agreement with the related information in the audited financial statements; and
- summary statements of changes in equity, cash flows, significant accounting policies and other explanatory information have not been presented, as the relevant information can be obtained from the audited financial statements.

The summary statement of financial position and summary consolidated statement of comprehensive income are only a summary of the information in Foresters Financial's consolidated financial statements for the year ended December 31, 2016. They do not contain sufficient information to allow as full an understanding of the results and state of affairs of Foresters Financial as would be provided by the full consolidated financial statements for the year ended December 31, 2016.

The full consolidated financial statements are available at foresters.com under Financial strength.

2. Basis of measurement

Foresters Financial's consolidated financial statements have been prepared on the historical cost basis except for the following material 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;
- Insurance contract liabilities are calculated using the Canadian Asset Liability Method ("CALM") which is based on accepted actuarial practices according to standards established by the Canadian Institute of Actuaries and the requirements of the Office of the Superintendent of Financial Institutions Canada. This method involves the projection of future events in order to determine the amount of assets that must be set aside currently to provide for all future obligations, including the provision of fraternal benefits, and involves a significant amount of judgment; and
- Land, buildings and investment properties are measured at fair value.

3. Foreign Currency

The functional currencies of the foreign subsidiaries and branch 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 accumulated gains or losses arising from translation are presented separately in the currency translation accounts, a separate component of accumulated other comprehensive income ("AOCI").

Report of the Independent Auditors on the Summary Consolidated Financial Statements

To the Board of Directors of The Independent Order of Foresters

The accompanying summary consolidated financial statements of The Independent Order of Foresters, which comprise the summary consolidated statement of financial position as at December 31, 2016, the summary consolidated statement of comprehensive income (loss) for the year then ended, and related notes, are derived from the audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards of The Independent Order of Foresters as at and for the year ended December 31, 2016. We expressed an unmodified audit opinion on those consolidated financial statements in our auditors' report dated February 14, 2017.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of The Independent Order of Foresters. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of The Independent Order of Foresters.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in the notes to the summary consolidated financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of The Independent Order of Foresters as at and for the year ended December 31, 2016 are a fair summary of those consolidated financial statements, in accordance with the basis described in the notes to the summary consolidated financial statements.



Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
February 14, 2017

Appointed Actuary's report

To the Board of Directors of The Independent Order of Foresters

I have valued the policy liabilities and reinsurance recoverables of The Independent Order of Foresters for its consolidated statement of financial position as at December 31, 2016 and their changes in the consolidated statement of comprehensive income for the year then ended in accordance with accepted actuarial practice in Canada including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities net of reinsurance recoverables makes appropriate provision for all policy obligations and the consolidated financial statements fairly present the results of the valuation.

These summarized consolidated financial statements do not contain all the disclosures required by accepted actuarial practice. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on The Independent Order of Foresters financial position, results of operations and cash flows, reference should be made to the related complete consolidated financial statements.



Ralph Ovsec, F.S.A., F.C.I.A., M.A.A.A.
Fellow, Canadian Institute of Actuaries
Toronto, Canada
February 14, 2017

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¹All figures are in Canadian dollars, unless otherwise indicated. ¹An "A" (Excellent) Financial Strength 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. In 2016 A.M. Best assigned Foresters Financial subsidiaries, Foresters Life Insurance Company and Foresters Life Insurance and Annuity Company an "A" (Excellent) Financial Strength Rating. In assigning the ratings for The Independent Order of Foresters (Foresters Financial) and its subsidiaries Foresters Life Insurance Company and First Investors Life Insurance Company on August 18, 2016, A.M. Best stated that the outlook for all ratings is 'stable', which means they are unlikely to change in the near future. See ambest.com for the latest ratings. Ronald McDonald House is a registered trademark of McDonald's Corporation or its affiliates and is used with permission. Description of member benefits that you may receive assumes 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 cancelled without notice. Foresters Financial and Foresters 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. 2017094/FM/BR/SYSN