



Putting family  
time first

Make the most of the  
benefits of membership

2013  
Financial Report

140 years of financial  
strength and stability

Making it easy  
to give back

Reap the rewards of  
community volunteering

2014 Foresters Report

# Foresters life



Meet a Foresters  
**member family**

"Together, we try to make  
a difference in people's lives"

Foresters 

# Our accomplishments in 2013

This year Foresters™ celebrates its 140th anniversary with more than one million members across Canada, the United States and the United Kingdom. Though our organization has changed throughout the decades, we have remained steadfast in our commitment to helping families. In 2013, we continued to secure our financial stability, engaged even more members in our purpose and helped them make a difference in the communities where they live.

## Foresters purpose

Foresters enhances the well-being of families through quality life insurance, unique member benefits and inspiring community activities. We don't have shareholders. Instead we invest in our members, their families and the communities where they live.

## Executive Leadership Team

(as of December 31, 2013)

### George Mohacsi

President and Chief Executive Officer

### Euan Allison

Chief Executive Officer, United Kingdom

### Kasia Czarski

Senior Vice President and Chief Membership and Marketing Officer

### Sharon Giffen

President, Foresters Canada and President and Chief Operating Officer, Foresters Life Insurance Company

### Bill Lipkus

President and Chief Executive Officer, First Investors Consolidated Corporation

### Suanne Nielsen

Senior Vice President and Chief Talent Officer

### Tony Poole

President, Foresters US Branch

### Paul Reaburn

Senior Vice President and Chief Financial Officer

### Katharine Rounthwaite

Senior Vice President and General Counsel, Chief Compliance Officer and Executive Secretary

### Peter Sweers

Senior Vice President and Chief Operations and Information Officer

## Financial strength

- Foresters membership grew by 14% to 1,162,000, and total certificates and contracts in force grew to almost 3 million primarily due to the successful acquisition of The Children's Mutual in the UK.
- Foresters funds under management grew to \$25 billion, an increase of 32% over 2012.
- We continue to maintain an A (Excellent) rating by A.M. Best Company for the 13th year in a row.<sup>1</sup>
- Total sales across all three countries increased by 13% from the previous year.
- Our Minimum Continuing Capital and Surplus Requirements<sup>2</sup> ratio remained strong at 409% as of December 31, 2013.

## Supporting our members

- Insurance claims and benefits paid were \$274 million in the US, \$136 million in Canada and \$104 million in the UK.
- More than \$214,000 was provided in Emergency Assistance to members affected by natural disasters or hard times, as well as \$25,000 to the Canadian Red Cross to help those devastated by Typhoon Haiyan in the Philippines.
- Almost 5% of eligible voters within Branches that had elections cast ballots in Foresters Branch Councillor elections.
- A record number of members used the Legal *Link* and *Everyday Money* helplines, and over 1,600 tuned into free, accessible webinars on estate planning and money management.

- Over 90,000 members and guests enjoyed more than 1,000 fun family events.
- Over \$2.1 million in funding was awarded for more than 1,100 Foresters Competitive Scholarships.

## Supporting member communities

- More than \$4.4 million was granted through Foresters Community Grants, a large portion of which was granted directly to members to help organize volunteer activities and fun family events.
- Over 24,000 Foresters volunteers supported local charities through over 575 community activities.
- In the UK, Foresters helped Cash for Kids raise £5.7 million for the Mission Christmas Campaign, assisting 278,000 disadvantaged children nationally.
- Thanks to our hardworking volunteers and our investment of over \$1.8 million, Foresters helped build 20 new playgrounds that will serve an estimated 870,000 children and their families across North America for years to come.
- Our support as the underwriting sponsor of Children's Miracle Network Hospitals® Radiothon Program helped raise over \$47 million across North America, improving care for 3.4 million families.
- Foresters launched the Tech Timeout challenge, an initiative that encourages families to take a daily break from electronic devices and reconnect in a more personal way. In 2013, over 13,000 families downloaded the Tech Timeout pledge.

# Using our financial strength to deliver our purpose

For 140 years, Foresters has consistently enhanced the lives of its members, their families and the communities where they live, all while maintaining exceptional financial strength and stability. Our commitment to members was demonstrated again in 2013 as we invested more than \$38 million in our member benefits and community programs, and paid insurance claims and benefits totalling more than \$514 million.

Foresters enjoyed a profitable year in 2013 with a total comprehensive income of \$172 million. The organization continued to grow both its membership and its financial stature, ending the year with membership growth of 14%, asset growth of 17% and a 15% increase in gross premiums. We also continued to expand our asset management business, in large part through our purchase of The Children's Mutual in the UK. Adding more than one million policies, this transaction has significantly bolstered our financial position, enabling us to deliver our purpose in more innovative and far-reaching ways.

We continue to offer unique and valuable member benefits. In 2013, we had record usage of the Legal *Link* and *Everyday Money* helplines and granted more than \$4.4 million in funds for volunteer activities and fun family events in member communities. And, with our new Tech Timeout initiative, we made it easy for families to interact with each other in a more meaningful way. We hear every day how we help families like yours, and in this report we highlight how, for two families, their Foresters membership has enhanced their own well-being and provided opportunities for them to give back.

We also offered many opportunities for members to be involved in our democratic process. In June 2013, Foresters members elected the Board of Directors and a new International Fraternal President, and in the fall several thousand members used our mail-in or online voting systems to cast ballots in Branch Councillor elections. Our contemporary approach to engaging and involving members is just one of the ways that Foresters stands out in the life insurance sector.

In closing, I would like to share that I've announced my plans to retire in 2014. I am deeply grateful for the opportunity to lead this organization and wish to thank the many members, employees and sales associates who make Foresters such a tremendous organization. I have every confidence that we have the right strategy in place to ensure a continued strong future for Foresters.

Sincerely,



George Mohacsi  
President and Chief Executive Officer



"We hear every day how we help families like yours"

# Members want to help, Foresters makes it easy

Today's busy families are always looking for ways to spend more quality time together. What if there was a way you could enjoy time with your loved ones and help improve your community at the same time? Join the thousands of other Foresters members who are getting involved by attending Foresters community activities or planning their own through Foresters Community Grants.

Foresters community activities allow volunteers of all ages and abilities to participate in fun, hands-on tasks, make new friends, and end the day knowing their efforts will have a lasting and meaningful impact.

Through Foresters Community Grants, members are able to plan their own local activities, supporting causes that are close to their hearts. Foresters provides the tools and financial resources to help members create events for their own

family while including other Foresters member families.

In 2013, over 24,000 Foresters volunteers came together in the spirit of giving back. The activities supported our national charitable partners like Cash for Kids, Children's Miracle Network Hospitals®, KaBOOM! and Ronald McDonald House Charities (RMHC)® as well as hundreds of local charities and community organizations chosen by our members.

## Members giving back

**Green-thumbed members beautify a community center – South Tyneside, UK**

When The Cave Youth Centre faced closure due to a lack of funds, a local fundraising team campaigned to keep the doors open for the hundreds of people who rely on its youth programs and group activities. However there were no funds to spruce up the Centre's bleak surroundings, so 30 Foresters members came to the rescue and planted several gardens with charming, vibrant features. The revitalized space, which opened in summer 2013, includes a piece of artwork in recognition of Foresters efforts.

**Making birthdays special for disadvantaged youth – Allentown, PA**

Fifteen Foresters volunteers made 50 care packages for the Boys & Girls Club of Allentown. They stuffed half of the packages with school supplies and toiletries, and made special birthday bags for the other half. A group of dedicated volunteers even made birthday cards for the kids, a gesture which touched both the recipients and the volunteers.



*"I like investing in a company that invests back in our community"*

— Barry Parker  
Southampton, UK



#### Volunteers get baking at Ronald McDonald House – Toronto, ON

Foresters members and their families volunteered their time to host Cookies with Care, a leisurely afternoon activity of baking for the families staying at the Ronald McDonald House in Toronto. A group of six volunteers baked and decorated cookies for the residents and hosted a series of fun, family-friendly bingo games. This event was much appreciated by the residents as it provided an opportunity for the families to relax and spend quality time together.

#### Stocking up for school – Liverpool, NY

Twenty Foresters volunteers packed 100 backpacks with supplies that were specifically requested for local schools in Liverpool, NY. This activity met an urgent need and enabled many children from low-income families to start the new school year with everything they needed. Peace Inc., the community partner, was extremely grateful for Foresters contribution and the volunteers' time.

#### Helping seniors live with dignity – Rock Hill, SC

In the first ever Rock Hill Foresters community involvement activity, 12 volunteers made hygiene kits for 45 low-income seniors. The baskets included essential products that the elderly recipients typically have difficulty accessing or can't afford. The event was such a success that several guests of Foresters members said that they would definitely want to be involved with a life insurance provider like Foresters.

## Thousands take time out for fun

Setting aside time for fun is a big part of family well-being. That's why each year, Foresters and our members organize hundreds of fun family events that help members relax and reconnect at little to no cost. In 2013, over 90,000 members and their guests attended movie nights, sporting events, amusement parks and more!

**115** members and their guests enjoyed an outing everyone would love – a trip to the Cadbury World chocolate factory in Birmingham, UK. The participants enjoyed free access to the chocolate factory, tested complimentary chocolate and even took in a magic show.

**240** members and their guests explored their animal instincts at the North Carolina Zoo. Before enjoying the attractions, attendees created 160 hygiene kits for The Men's Shelter of Charlotte, which provides short-term housing and basic needs for homeless men. Members appreciated the opportunity to combine family fun with a meaningful volunteer activity.

**138** members and their guests enjoyed a fun day visiting the animals and taking part in the talks and wildlife shows at London Zoo. The penguin feeding time was a great spectacle where members got to watch the birds diving for their food!

**185** Cleveland members and their guests loved their exclusive seats for a performance of "Disney on Ice, Rockin' Ever After". Many members said it was one of the best fun family events they had attended and they appreciated the chance to meet other Foresters families.

To register for community activities and fun family events in your area, or to learn more about applying for a Foresters Community Grant, visit [MyForesters.com](http://MyForesters.com).

# Foresters elections let you 'have your say'

At Foresters, we don't have shareholders; instead we invest in our members and provide them with opportunities to get involved in leadership roles at various levels throughout the organization.

Participating in Foresters governance system is one of the most important ways to be involved in helping shape Foresters present and future. Our elected leaders provide oversight of how our resources are used locally, helping to focus and support the impact that Foresters has in its communities.

So how can you get involved? Nominating yourself or someone else for Branch Councillor is the first step. Branch Councillors participate in monthly teleconferences where they work together to improve the member experience, as well as attend two in-person training conferences, including the annual Leadership Development Conference (LDC). For one weekend in June,

elected leaders from Canada, the US and the UK come together to participate in skill-building workshops, hear from dynamic speakers, and learn what it takes to be an effective leader. The 2014 LDC will be held in Orlando, Florida.

Jackie Meager, Branch President, Eastern England Branch, really valued attending this past year's LDC: "I loved meeting all the other member leaders and having the opportunity to share my suggestions. I really felt like Foresters listened to us," says Jackie.

We had a successful elections process in 2013, with almost 12,000 members across all three countries casting a ballot.

Encouragingly, we received many nominations from members new to Foresters governance. Thank you to all our valuable member leaders.

## Make your vote count

Even if you're not personally ready for a leadership role, make sure your voice is heard by voting in your local Branch elections. As a voting member, you will receive an elections package in the mail with all the information you need to participate in our democratic process.

Nominate yourself – or another member – by June 11, 2014 for this year's Branch Council elections. Visit [MyForesters.com](http://MyForesters.com).

## Report from the Chair

At Foresters, we are deeply committed to our members. The Board's role is to ensure we have sound organizational governance. The Board oversees strategic planning and direction, succession planning and talent management, risk management, and financial stewardship.

As a Board, we believe that a strategy is only as effective as the people you have in place to carry it out and we encourage a constant drive for excellence at every level of the organization. We are very proud of the work of the Executive Leadership Team, across all departments and divisions within Foresters. I commend them for disciplined decision-making, strong operational execution and for always looking forward with a growth and stability perspective.

In this Foresters Report you will read that George Mohacsí is retiring as Foresters CEO.

George is leaving Foresters in an excellent position, both financially and in our ability to fulfill our purpose of enhancing the well-being of families and communities. On behalf of the Board and personally, I want to thank George for his outstanding leadership and commitment to Foresters.

I also take this opportunity to thank the men and women who serve with me on the Board and recognize their hard work and valuable insights.

With our strong Board and management team in place, we are confident that Foresters is heading in the right direction, particularly in our efforts to implement new ways to engage members and make an impact in our communities. It is at the local level where we see the results of our strategic vision as members embrace our purpose and participate in our democratic process.

On behalf of the Board, I want to thank all of our tireless member leaders, member volunteers, employees and business partners who work so passionately to support Foresters purpose.



**Dick Freeborough**  
Chairman of the Board



# A successful International Assembly

Every four years, our highest governing body, the International Assembly, meets to review Foresters financial results, fraternal activities and governance highlights, and vote on changes to the Constitution. In June 2013, member leaders gathered in Las Vegas for a successful and productive International Assembly. They elected the Board of Directors, including a new International Fraternal President, Brian Isabelle. The 190 delegates left with a renewed commitment to our purpose and ideas for bringing this purpose to life in their own roles and communities.

## Our new International Fraternal President



### Brian Isabelle

A Foresters member for 44 years, Brian Isabelle was elected as Foresters International Fraternal President at the 2013 International Assembly. Brian has served on the Board of Directors since 2009 where he has demonstrated an unwavering belief in the organization and its purpose. Brian has had a successful 25-year career at James Western Star Truck and Trailer, a leader in the trucking industry, where he oversees all sales transactions. A passionate volunteer, Brian has participated in various community activities on behalf of Foresters, including fundraisers and KaBOOM! playground builds. In his community, Brian has mentored children in 4-H and together with his family, has volunteered at charity events in support of British Columbia Children's Hospital.

## Foresters Board of Directors

Our accomplished Board members bring a mix of fraternal and business experience to the table and all 15 share our commitment to family well-being. In addition to their business endeavors, Board members can often be seen volunteering at playground builds and other Foresters activities. For full biographies and to learn more about our Board of Directors, visit [foresters.com](http://foresters.com).



Pictured from left to right: Jim Bowden, US; Dick Freeborough, Canada; Chris Stranahan, US; Laraine Morris, US; Frank Lochan, Canada; John Scott, US; George Mohacsi, Canada; Martha Marcon, US; Dave Saunders, UK; Sonia Baxendale, Canada; Bob Lamoureux, Canada; Wendy Watson, US; Michael Stramaglia, Canada; Dave Morrison, Canada; Brian Isabelle, Canada.

# Nurturing the next generation of volunteers

When Elsa and Elliot Beker reviewed their life insurance options five years ago, they never imagined they would also open a door to a world of volunteer opportunities.

“As parents, we work hard to instill a love of volunteering in our children”

— Elsa Beker, Montreal, Canada

Introduced to Foresters by their agent, they were initially attracted by the products and their affordability. But when they heard about Foresters purpose to enhance family well-being and its unique member benefits, they knew it was a perfect fit for their family.

“We are a very community-minded family and as parents, we work hard to instill a love of volunteering in our children,” says Elsa.

The family’s first Foresters experience was helping to build a new playground in their Montreal community. They loved creating a place that children will enjoy for years to come but just as important was the opportunity to combine volunteering with quality family time.

As son Stephen explains, giving back is just part of the family’s DNA: “When I was growing up, we didn’t see it as volunteering because it was how we were raised,” he says.

When daughter Amanda was prepping for her first year at Bishop’s University in Quebec, she applied for and received a Foresters Competitive Scholarship. Over 30 years, Foresters has awarded more than 7,300 academic scholarships and \$30 million to students who have demonstrated solid academic performance and a commitment to community service.

Now in her third year, Amanda has received a Foresters Competitive Scholarship in all three years of university and the support has made a big difference in her postsecondary experience: “I’m studying elementary education which is something I am passionate about,” says Amanda. “The scholarship helped remove financial concerns so I can concentrate more on school.”

The Bekers haven’t used all of Foresters member benefits but knowing they are there brings a sense of comfort: “It’s nice to know that there is someone there watching your back,” says Elsa.

Foresters is proud to partner with families like the Bekers and help them on their quest to nurture future generations of volunteer leaders.

Scholarship applications will be accepted starting December 1, 2014. For more information, visit [MyForesters.com](http://MyForesters.com).





# Our financial strength

## Financial highlights for the year ended December 31, 2013

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

Funds under Management

**\$25**  
billion

Certificates and Contracts In Force

**3**  
million

Total Surplus

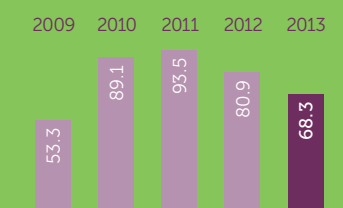
**\$1.7**  
billion

Total Comprehensive Income

**\$172**  
million

## Sales

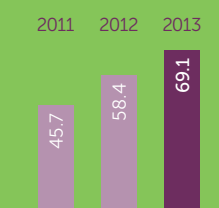
Foresters US Branch  
Total Annualized Sales  
(US \$ millions)



Foresters US Branch annualized weighted sales\* were US \$68 million. Although this is a 15% decrease from 2012, it is largely due to positive actions we took to improve the profitability of Foresters products over the longer term. These actions included product changes and pricing actions in response to the low interest rate environment as well as initiatives designed to improve overall business quality.

We also continued to enhance our US product portfolio to meet the evolving needs of American families. In the US, the two major Foresters insurance products are final expense (PlanRight) and term (Strong Foundation/Lifefirst) but whole life (Advantage Plus) and universal life (SMART UL) are starting to represent an increased proportion of total sales.

First Investors  
Consolidated Corporation  
Total Annualized Sales  
(US \$ millions)



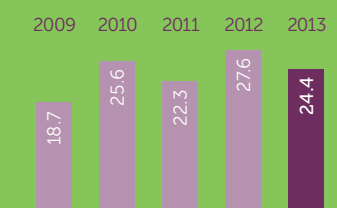
FICC markets mutual funds and life insurance through a dedicated Broker Dealer network.

Total annualized weighted sales were US \$69 million, an increase of 10.2% over 2012.

On an unweighted basis, total mutual fund sales for the year were US \$946 million, up 3.9% from 2012 as the favorable equity markets prompted continued investor interest.

Annualized weighted life and annuity sales (including Foresters products) were US \$22 million, up 27% over 2012. These improvements were driven primarily by sales of annuities including the new variable bonus annuity product, First Choice Bonus Annuity, introduced during 2013.

Foresters Canada  
Total Annualized Sales  
(CDN \$ millions)

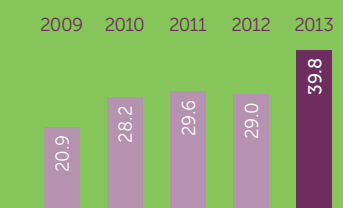


Canadian annualized weighted sales were \$24 million, a 12% decrease from 2012. Some of this decrease is as a result of changes we made to improve the long-term financial stability of the business, including our decisions to withdraw from:

- The preneed line of business in 2013 (\$1.5 million decrease)
- Unprofitable permanent insurance products (\$2.1 million decrease)

These decreases were partly offset by a growth in sales in both the Canada Protection Plan products and the group creditor product line.

Foresters UK  
Total Annualized Sales  
(UK £ millions)



The United Kingdom annualized weighted sales were £39.8 million, a 37% increase over 2012. The sales force achieved £27.2 million annualized weighted sales of savings and protection products, a 10% increase over 2012.

Direct to customer annualized weighted sales of £9.9 million (£8.2 million from Foresters Fund Management Limited acquired in April 2013 as part of The Children's Mutual acquisition) represented 25% of total annualized weighted sales.

All figures shown in Canadian dollars unless otherwise noted.

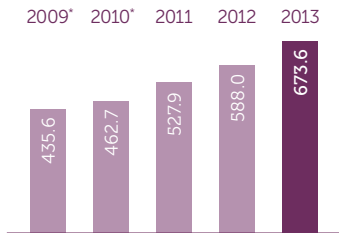
In 2011, Foresters started to report financial results according to International Financial Reporting Standards (IFRS). Prior to 2011, results were reported on a Canadian GAAP basis.

\*Annualized weighted sales is a common measure of new business in the life insurance industry.

# Key results

Positive results in an ongoing low interest rate environment

## Total Premiums (\$ millions)

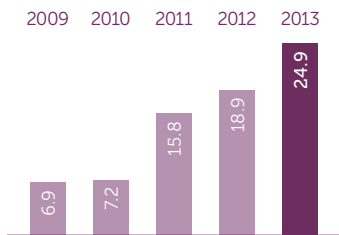


\*Restated to reflect impact of IFRS accounting on gross reported premiums.

In 2013, total gross premiums were \$674 million, a 15% increase over 2012.

Premium revenue has increased steadily since 2009 due to organic growth and strategic acquisitions including First Investors Consolidated Corporation in 2011 and The Children's Mutual in 2013.

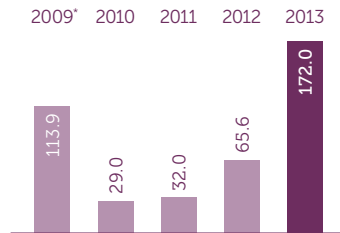
## Funds under Management (\$ billions)



Since the acquisition of First Investors Consolidated Corporation (FICC) in 2011, funds under management has become an increasingly important financial measure for Foresters.

In 2013, Foresters funds under management grew by \$6 billion to \$25 billion, a 32% increase over 2012. This increase is due to strong equity markets and good mutual fund sales in FICC and the 2013 acquisition of The Children's Mutual in the UK.

## Total Comprehensive Income (\$ millions)

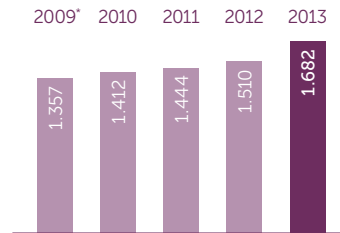


\*Pre IFRS accounting standards.

Following the challenges of the market collapse in 2008, Foresters earnings have been positive and have steadily increased since 2010. In 2013, our total comprehensive income was \$172 million.

In 2013, we benefited from an improving economic environment and foreign currency translation gains of \$86 million due to the strengthening of the US dollar and the UK pound relative to the Canadian dollar.

## Surplus and Solvency (\$ billions)



\*Pre IFRS accounting standards.

Surplus and solvency are two effective ways to measure Foresters long-term financial health.

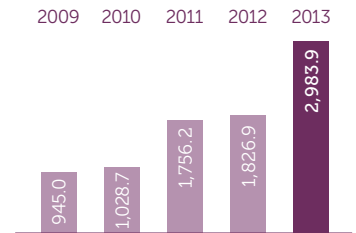
Our surplus is the value of our assets less our financial obligations to members and others. At Foresters, we use our surplus to deliver our fraternal purpose through member benefits and community investment as well as to grow our business through increased sales and strategic acquisitions.

In 2013, Foresters surplus increased to \$1.7 billion due to our strong total comprehensive income as well as the favorable impact of exchange rates on our US and UK operations.

We measure our solvency by determining the ratio of available surplus to required surplus. This ratio is called the Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio. Foresters ratio was 409% at December 31, 2013, well above the most recent average of Canadian life insurers, which was 228% at September 30, 2013.<sup>†</sup>

Foresters healthy surplus and MCCSR ensures our financial strength, and, our ability to continue to meet the insurance obligations of our customers, grow the organization and deliver our purpose.

## Certificates and Contracts In Force (thousands)



During 2013 total certificates and contracts in force grew by 1.2 million primarily due to the acquisition of The Children's Mutual in the UK.

Since 2009, the number of in force certificates and contracts has grown by over 2 million to 3 million.

<sup>†</sup>Source: Office of the Superintendent of Financial Institutions Canada (OSFI), Financial Data for Life Insurance Companies, Total Canadian Life Companies, MCCSR, Total capital required/available.

## Summary Consolidated Statements of Comprehensive Income

For the year ended December 31, 2013 with comparative figures  
for 2012 (In millions of Canadian dollars)

	2013	2012
<b>Revenue</b>		
Gross written premiums	\$ 673	\$ 588
Ceded premiums	(70)	(69)
<b>Net Written Premiums</b>	<b>603</b>	<b>519</b>
<b>Net Investment Income</b>		
Interest and dividends (net)	241	243
Net realized gains	127	127
Net unrealized gains on fair value through profit and loss investments	(461)	74
Net foreign currency losses on available-for-sale assets	5	4
<b>Total Investment Income</b>	<b>(88)</b>	<b>448</b>
Other operating income	215	171
<b>Total Revenue</b>	<b>730</b>	<b>1,138</b>
<b>Benefits &amp; Expenses</b>		
Gross benefits	514	432
Ceded benefits	(34)	(36)
Gross change in insurance contract liabilities	(477)	135
Ceded change in insurance contract liabilities	32	(31)
Dividends	38	37
Commissions	227	241
Operating expenses	298	271
Ceded commissions and operating expenses	(18)	(21)
Fraternal investment	18	17
<b>Total Benefits &amp; Expenses</b>	<b>598</b>	<b>1,045</b>
Income before income taxes	132	93
<b>Income Taxes</b>		
Current	13	14
Deferred	4	-
<b>Total Income Taxes</b>	<b>17</b>	<b>14</b>
<b>Net Income</b>	<b>115</b>	<b>79</b>
<b>Other Comprehensive Income (Loss)</b>		
<i>Items that will not be reclassified to net income</i>		
Remeasurement gains (losses) on employee benefit plans, net of income tax expense	21	(7)
Net unrealized gains on property	1	1
<b>Total items that will not be reclassified to net income</b>	<b>22</b>	<b>(6)</b>
<i>Items that are or may be reclassified subsequently to net income</i>		
Net unrealized gains (losses) on available-for-sale assets, net of income tax recovery (expense) of \$2 (\$nil in 2012)	(57)	33
Reclassification of net realized (gains) losses on available-for-sale assets, net of income tax recovery to net income	6	(15)
Net unrealized foreign currency translation gains (losses)	86	(25)
<b>Total items that are or may be reclassified subsequently to net income</b>	<b>35</b>	<b>(7)</b>
<b>Total Comprehensive Income</b>	<b>\$ 172</b>	<b>\$ 66</b>

## Summary Consolidated Statements of Financial Position

As of December 31, 2013 with comparative figures for 2012  
(In millions of Canadian dollars)

	Dec 31, 2013	Dec 31, 2012
<b>Assets</b>		
<b>Invested Assets</b>		
Cash, cash equivalents and short-term securities	\$ 191	\$ 237
Bonds	5,657	5,235
Equities	727	499
Mortgages	1	7
Derivative financial instruments	51	64
Other invested assets	116	109
Loans to certificateholders	287	266
<b>Total Invested Assets</b>	<b>7,030</b>	<b>6,417</b>
Reinsurance assets	187	217
Other assets	251	181
Property and equipment	46	34
Employee benefit assets	34	21
Goodwill and intangible assets	260	190
	7,808	7,060
Net investments for accounts of segregated fund unit holders	2,720	1,960
<b>Total Assets</b>	<b>\$ 10,528</b>	<b>\$ 9,020</b>
<b>Liabilities</b>		
Insurance contract liabilities	\$ 5,647	\$ 5,110
Investment contract liabilities	157	156
Benefits payable and provision for unreported claims	126	101
Other liabilities	146	145
Employee benefit obligation	50	38
	6,126	5,550
Investment contract liabilities for accounts of segregated fund unit holders	2,720	1,960
<b>Total Liabilities</b>	<b>8,846</b>	<b>7,510</b>
<b>Surplus</b>		
Retained earnings	1,584	1,469
Accumulated other comprehensive income	98	41
	1,682	1,510
<b>Total Liabilities and Surplus</b>	<b>\$ 10,528</b>	<b>\$ 9,020</b>

## Notes to the Summary Financial Statements

### 1. Basis of Presentation of the Summary of Financial Statements

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

- a. the information in the summary financial statements is in agreement with the related information in the audited financial statements; and
- b. 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 statements of financial position and summary consolidated statements of comprehensive income are only a summary of information in Foresters consolidated financial statements for the year ended December 31, 2013. They do not contain sufficient information to allow as full an understanding of the results and state of affairs of Foresters as would be provided by the full consolidated financial statements for the year ended December 31, 2013.

### 2. Basis of measurement

Foresters consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements 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 liabilities 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”). CALM 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 is measured at fair value and buildings are carried at fair value less any accumulated depreciation and impairment loss.

## 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 statements of financial position as at December 31, 2013 and the summary consolidated statements 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 for the year ended December 31, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated February 19, 2014.

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 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 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, 2013 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  
February 19, 2014  
Toronto, Canada

## Appointed Actuary's report

### The Board of Directors of The Independent Order of Foresters

I have valued the policy liabilities in the consolidated statements of financial position of The Independent Order of Foresters as at December 31, 2013 and their change in the consolidated statements of comprehensive income for the years then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods and I expressed an opinion on these liabilities without reservation in my report dated February 19, 2014.

In my opinion, the amount of the liabilities contained in the accompanying summarized financial statements is consistent with the related complete consolidated financial statements.

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 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.  
Fellow, Canadian Institute of Actuaries  
Toronto, Canada  
February 19, 2014

### Important member notices

1. Foresters Report and foresters.com are the official publications of Foresters. Official announcements and information related to your membership, including the constitutional amendments approved at the 2013 International Assembly, are posted on foresters.com under "About Foresters".
2. The full consolidated financial statements are available at foresters.com under "About Us/Financial Strength".

Foresters™ is the trade name and a trademark of The Independent Order of Foresters, a fraternal benefit society, 789 Don Mills Road, Toronto, Canada M3C 1T9; its subsidiaries are licensed to use this mark.

1. 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. In assigning Foresters rating on July 3, 2013, A.M. Best stated that the rating outlook is "stable", which means it is unlikely to change in the near future. See [ambest.com](http://ambest.com) for our latest rating.

2. For more details, see the Financial Highlights section under Surplus and Solvency.

Foresters member benefits are non-contractual, subject to eligibility requirements and limitations and may be changed or cancelled without notice. Third party suppliers administer Legal Link, Everyday Money and Foresters Competitive Scholarships.

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Tech Timeout and the Tech Timeout logo are trademarks of The Independent Order of Foresters.

# Putting family time first

Gladys Schaefer and her daughters Jessica and Cathy love to volunteer together so Gladys was thrilled to learn that her Foresters membership included opportunities for her and her family to give back to their San Diego community.

"We've volunteered with the local hospital, Ronald McDonald House and Habitat for Humanity. We've cleaned the beach, raced for the cure, and worked with the elderly. The great thing is, it's all organized. All you have to do is show up," enthuses Gladys.

Gladys and her family also enjoy attending Foresters fun family events, whether it's cheering on the San Diego Padres or braving the rides at Knott's Berry Farm. She cherishes these opportunities and admits that Foresters is "like a second family to her".

For Gladys and her family, Foresters member benefits provide "a security blanket, not just for when you're gone but also for now". When Gladys recently had some

legal concerns, she called *Legal Link*, a unique member benefit which connects members to free or discounted legal services by telephone or a via referral to a lawyer in their area.

Gladys was pleasantly surprised when she received a return call so soon after her initial inquiry: "I thought they were calling to set up an appointment but no, it was an actual attorney and I received all the information I needed," she explains.

For Gladys, Foresters member benefits help her family thrive. In particular, she values Foresters community activities and fun family events. Spending time with her daughters is one of Gladys' main joys and Foresters helps her make it a reality.



## Even more member benefits

Foresters is so much more than a life insurance provider. As part of our fraternal purpose, we offer our members a wide range of unique and complimentary member benefits. It's just one of the many ways we share our financial success with our members.

### Foresters Competitive Scholarships

- This program offers more than \$2 million in scholarships for higher learning to eligible members and their families.

### Everyday Money

- A toll-free, personalized and confidential financial helpline provides access to accredited counselors who can answer your questions about the day-to-day management of your money.

### Legal Link

- This phone-based benefit can provide access to certain free and discounted legal services in your area. You can also consult with a lawyer on wills, family law and more.

### Foresters Community Grants

- This program enables members like you to apply online for grants to organize activities that are meaningful to you and your community.

### Tech Timeout

- This initiative encourages families to turn off digital devices and spend more quality time together. Families can download the pledge form and get ideas for tech-free activities at [techtimetype.com](http://techtimetype.com).

To learn more about your personalized member benefits and to access helpful videos and resources, visit [MyForesters.com](http://MyForesters.com) or call 800 444 3043.



Open the door to everything  
Foresters has to offer at

## MyForesters.com!

Make the most of your membership! Our easy-to-use website offers:

- Invitations to complimentary fun family events
  - Free resources and webinars on financial and legal topics
  - Member-exclusive scholarships and grants
- ... And much more!

## Don't miss a thing!

Log in today for anytime, anywhere access  
to all your personal member benefits! See details inside!

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