

Advantage Plus

Whole Life  
Insurance

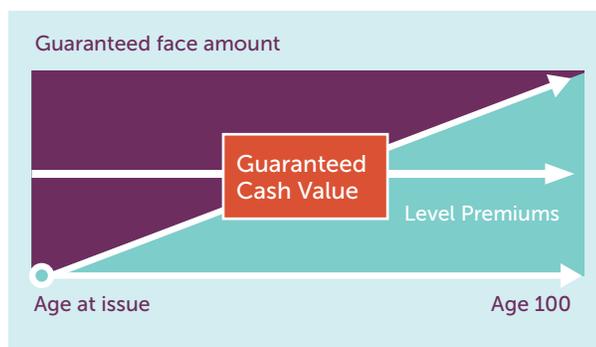
Understanding  
Whole Life;  
your life insurance  
foundation and  
the financial  
value it delivers



## Does death have a set timetable?

Families work hard to build financial stability by procuring assets such as a home, vehicles, saving accounts, investments and retirement portfolios. However, during the journey families often discount the importance of securing proper life insurance protection. Part of the reason the importance of life insurance is discounted is because we don't know when death will actually occur, yet families need to plan for it.

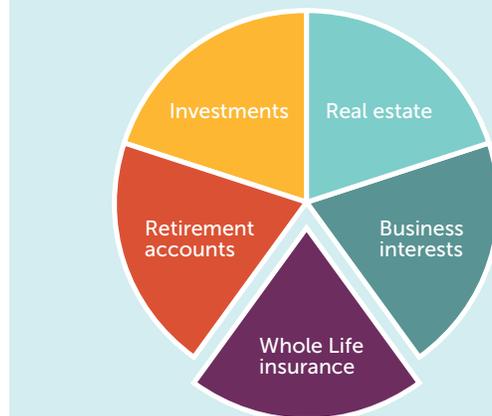
Whole life insurance can help families by providing: level premiums, cash value growth and a death benefit amount which can help provide financial security after the insured's death.



Hypothetical example for illustrative purposes only. Actual results will vary. Dividends are not guaranteed.

Life insurance helps families protect against financial loss from the death of the insured. Though life insurance can help provide families with financial protection at the insured's death, the insurance features can also help families while the insured is still alive. Families often overlook how their life insurance may help address other financial objectives such as having access to the cash value for emergencies or helping the insured to leave a financial legacy.

### Consider whole life insurance as part of your overall financial strategy



Foresters Financial's™ commitment to our members is not only to help protect your family in the event of the insured's death, but to provide a vehicle that can help meet future financial obligations during the insured's lifetime and provide valuable member benefits<sup>2</sup> your family can use.

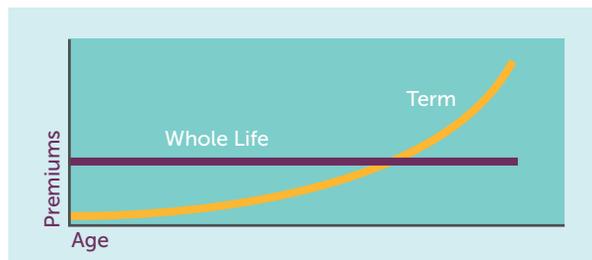
When might whole life insurance be the right solution?

- Interested in premium payments that are level.
- Interested in long-term protection.
- Looking for asset diversification, having guaranteed cash value growth.
- Looking for potential dividends<sup>3</sup>, which may be used to increase the death benefit by purchasing paid-up additions and provide for additional growth in the cash value.
- Looking for a versatile financial tool that allows for ongoing cash growth on a generally tax-favored basis<sup>4</sup> and the possibility to take out certificate loans.

## Understanding premiums

The level premiums that whole life insurance can provide can be noticeably higher than term insurance when you first look at them. However, this premium can deliver additional value to the insured, which we will highlight within this brochure.

With the risk of death increasing as the insured ages, so can the cost of life insurance. If an insured lives long enough, the cost of term insurance can become prohibitive, or they may not even be able to purchase coverage due to insurability requirements. The beauty of whole life is that it can level the cost over the insured's lifetime, which allows for a guaranteed level premium. If the insured expects to live a long life and requires insurance protection for their lifetime, whole life may be a better option compared to term insurance.



To provide flexibility with Foresters Advantage Plus Whole Life, two premium options are available: a quick 20-pay option, or level pay to age 100. Additionally, you have the ability to select the reduced paid-up feature so that no future premiums are required, or you can select to take loans or surrender paid-up additions (if available) to cover future premiums, providing for even more flexibility.

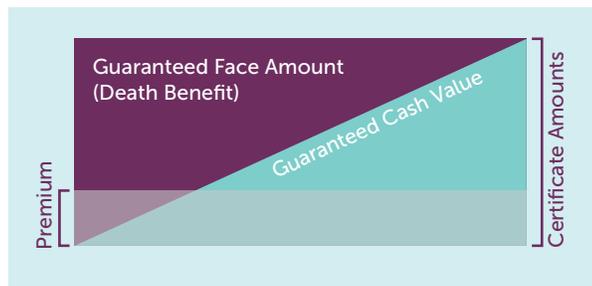
## Understanding cash value growth

A question that is often asked is how does a premium turn into cash value? With whole life insurance, cash values are usually guaranteed in the contract. The insurance company typically has a calculation to determine the guaranteed cash value, using specific mortality tables and a nonforfeiture interest rate. Calculations generally take into account the gender, age and smoking status of the insured. Guaranteed cash values are usually lower in the early years, but build over time.

The guaranteed cash value that Advantage Plus builds over the years is an important feature of the certificate. However, it is important to stress that Advantage Plus is typically not an ideal solution for families looking to accumulate cash value required to meet short-term obligations.

The guaranteed cash growth may also serve as an effective tool for other reasons, such as supplementing a family's overall savings strategy.

The certificate owner has generally tax-favorable access to the cash value by taking non-direct recognition loans<sup>5</sup> or surrendering any paid-up additions, which can be used for such situations as emergency expenses, children's college, or supplemental retirement income. Non-direct recognition loans are an important feature because Foresters uses the full certificate cash value to calculate dividends, regardless of any outstanding loans.



Hypothetical example for illustrative purposes only. Actual results will vary. Dividends are not guaranteed.

## Understanding dividends

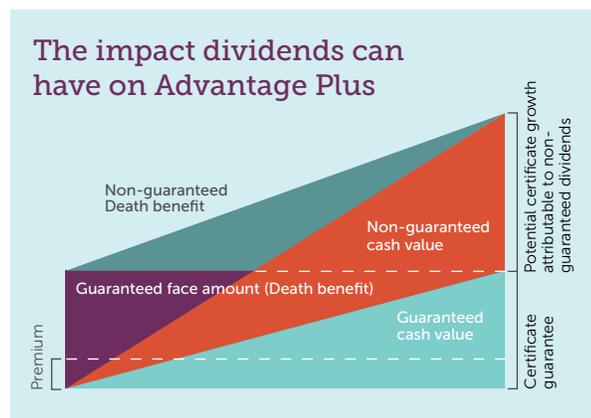
Advantage Plus is a participating whole life certificate, which means it is eligible to receive annual dividends. When dividends are declared, they can enhance the certificate depending on the dividend option selected. This is a way for certificate owners to share in part of Foresters favorable results, which have a 60-year record of providing a dividend to our whole life members.

With Advantage Plus, the following options can be leveraged to help meet changing needs:

- If more coverage is needed, apply dividends towards paid-up additions.
- If additional coverage is not necessary, apply dividends to on deposit with interest.
- If reducing future premiums becomes important, apply dividends towards premiums.
- If income is desired, apply dividends towards paying it in cash.

Many Foresters certificate owners leverage their declared dividends towards purchasing paid-up additional whole life coverage. Paid-up additions can be a tax-efficient strategy to purchase

additional death benefit amounts without medical underwriting and can increase the total cash value available within the certificate. Each paid-up addition added to the certificate provides for a guaranteed cash value, which grows each year and is eligible for future declared dividends. The beauty of these additions is that they may be fully or partially surrendered for the cash value at any time if distributions are required from the certificate.



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## The Plus

Advantage Plus offers additional benefits to provide more value to our members. The Charity Benefit provision allows the certificate owner an opportunity to donate to their favorite registered charity. This contractual provision is automatically included and does not impact the insured's death benefit. When a claim is paid to the beneficiaries, Foresters will pay<sup>6</sup> an additional one percent of the face amount up to a \$100,000 maximum to a registered charitable organization as designated by the owner. The payment is made as a donation in the name of the insured.

Additionally, Foresters automatically includes up to three riders with the certificate owner's base coverage:

- **Accelerated Death Benefit Rider<sup>7</sup>:** May allow the owner to accelerate a portion of the death benefit and receive a payment if the insured is diagnosed with a covered illness, which may include critical, chronic, and terminal illnesses.
- **Common Carrier Accidental Death Rider:** May provide an additional benefit if death is due to an accident or accidental injury that happens while riding as a fare-paying passenger on a common carrier such as a plane, bus, or train.
- **Family Health Benefit Rider:** May provide a payment to help cover some family health expenses (such as an ambulance ride) that occur as a result of certain natural disasters, which include hurricanes, tornados, and earthquakes.

## Customizable coverage to add additional security

Adding a rider<sup>8</sup> can provide living benefits and enhance your base coverage.

- **Term Insurance Rider:** Provides the opportunity to extend the base protection with a 10-year or 20-year term rider. The term rider provides the opportunity to convert to a permanent Foresters plan without requiring any new or additional underwriting.
- **Flexible and Single Payment Paid-up Additions Riders:** Provides the owner of the certificate the opportunity to purchase paid-up additional whole life insurance on the life of the insured. This increases the insured's protection amount and helps with cash value growth over time without having to show evidence of insurability.
- **Waiver of Premium Rider:** Waives the total required premium due on the certificate if the insured is deemed to be totally disabled from their own occupation for 24 months and totally disabled from any occupation after that for a continuous period of 6 months.
- **Guaranteed Insurability Rider:** Provides the right to purchase additional whole life protection on the insured during set dates without evidence of insurability.
- **Disability Income Rider (Accident Only):** Provides a monthly benefit for up to 24 months due to total disability if unable to work at insured's own occupation and up to 24 months for a second total disability independent of the first and unable to work at any occupation. Total disability must occur within 180 days of an accidental bodily injury.
- **Accidental Death Rider:** Provides an additional amount of protection on the insured should they die within 180 days of having an accident.
- **Children's Term Rider:** Provides term insurance protection in amounts between \$10,000 and \$25,000 on each insured's children, step-children, legally adopted children, or children who are under the legal guardianship of the insured who are at least 15 days old and under the age of 18.

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## Leveraging the tax advantages<sup>4</sup> life insurance provides

Advantage Plus can offer families tax-favorable advantages, including:

- **Income tax-free death benefit:** The whole life insurance death benefit is generally received income tax-free by the beneficiary.
- **Tax-deferred cash value growth:** The whole life insurance cash value, any paid-up additions cash value, and cash value earned from the paid-up additions rider grow on a tax-deferred basis.
- **Tax-favorable distributions:** An owner of a whole life certificate will generally not pay taxes on dividends or any partial surrenders of the cash value until they exceed the total premiums paid into the certificate. If dividends are used for dividends on deposit with interest, the interest earned from any dividends on deposit will receive a 1099INT. Additionally, taking loans from the certificate will generally not be taxable income, as long as the loan is repaid with outside premiums while the certificate is in-force, or it is repaid from the death benefit at death. However, if the certificate were to lapse, the growth in the certificate will be taxable at that point.

## Advantage Plus as “A Package Deal- Covering both short-term and long-term needs”

Having the right protection is extremely important because one cannot predict when death will occur. To protect against death, many families purchase term insurance as an affordable solution. However, this type of protection is designed to provide coverage for a limited period of time. The risk with choosing this option is that when coverage is needed most, it may be expired, cost-prohibitive, or unattainable due to health issues.

As a result, life insurance agents often layer different types of coverages to protect both a family’s short-term and long-term needs. When determining the amount of short-term and long-term insurance that may be needed, it is important to consider your immediate needs but remember the value that permanent insurance can provide towards meeting long-term needs.

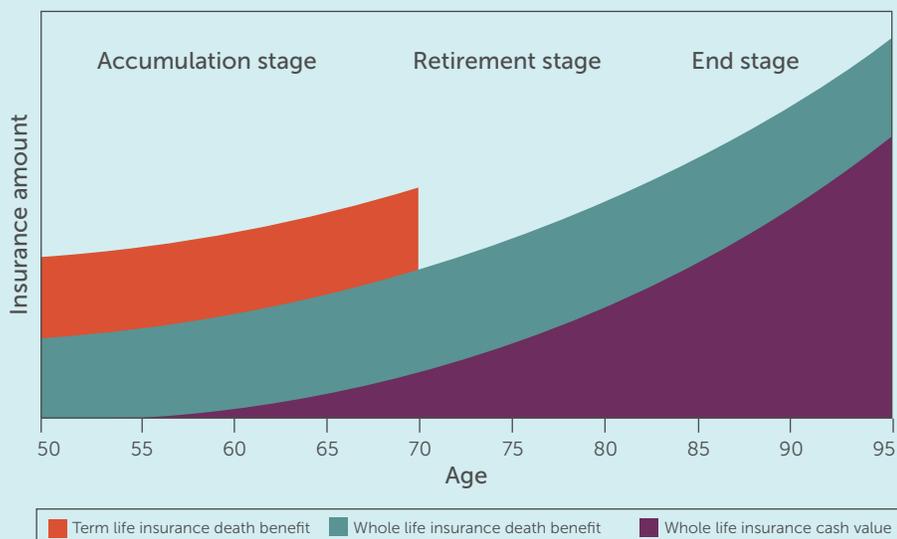
Foresters Advantage Plus can provide families a solid life insurance foundation to meet long-term needs. This foundation can provide a level premium, cash value and death benefit amount. Additionally, it provides an opportunity to have the death benefit grow as dividends are declared by purchasing paid-up insurance. By adding an optional term rider, families have flexibility towards tailoring the amount of coverage needed to meet their short-term needs while allowing the base

coverage to be their foundation towards long-term protection.

The following is an example of how combining Advantage Plus and a Term Rider could help meet a family’s protection needs through their family financial cycle:

- **Accumulation stage:** This is the period when the most protection typically is required to meet obligations. Having the combination in place can offer an affordable solution to meet the family’s protection needs. As years pass, the insured has an opportunity to convert the term coverage to permanent (during the conversion period) if they feel their needs are longer-term.
- **Retirement stage:** At this point in life, the need for insurance protection is typically lower and the Term Rider may have expired, or a decision could be made to terminate the rider. The remaining base whole life certificate death benefit amount can protect those long-term insurance needs and the cash value could potentially be used to help in retirement.
- **End stage:** At this point, besides having enough coverage for final expense needs, the death benefit amount can help ensure a legacy is left to the next generation.

### Combining whole life and term life insurance to meet your changing coverage needs



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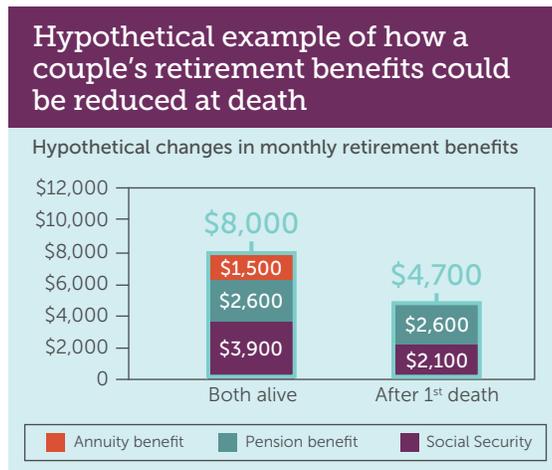
## Advantage Plus as a retirement asset

During retirement, couples typically rely on their social security, pension plans, 401k plans and other saving vehicles to live a comfortable lifestyle. However, often these couples overlook the impact a sudden death of a spouse may have on their overall retirement income stream. For example, one of their social security streams will disappear upon the spouse's death. Can the surviving spouse handle the financial strain of losing one income stream?

To ease some of these uncertainties during retirement and to potentially provide an additional income stream in retirement, couples can consider whole life insurance. Here are ways Foresters Advantage Plus may provide assist during retirement:

- **Replacing lost retirement income:** The generally tax-free death benefit amount may be used to replace lost retirement income from the death of a spouse. The decrease in income that may occur might be during a time when the surviving spouse may need their full retirement income to meet financial obligations.
- **Final expense costs:** The generally tax-free death benefit amount may be used to cover the cost of final expenses that may arise as a result of the spouse's death.

- **Vehicle for supplemental retirement income:** The guaranteed cash value growth, tax-deferred growth and tax-favorable distributions may make the whole life certificate an effective vehicle in accumulating assets to be used for supplemental retirement income. Advantage Plus could supplement retirement income a few ways: having any declared dividends paid in cash, taking partial surrenders of any paid-up additions, or taking certificate loans.



- Assumptions**
- Monthly Social Security benefit of \$2,100 for Spouse 1 and \$1,800 for Spouse 2
  - Pension of \$2,600 from Spouse 1, which is a joint and survivor benefit
  - Annuity income of \$1,500 a month from Spouse 1, which is a life only annuity
  - Assumes death of Spouse 1

## Advantage Plus as a wealth transfer vehicle

Families work hard over their lifetime to build financial wealth and sometimes are in a position to leave a legacy. For these individuals, it is important to take time to create a sound strategy to transfer their wealth. The strategy should ensure that assets pass to heirs according to the individual's wishes. The strategy should also aim to limit reductions in the value of the assets due to taxes or expenses incurred at death, and limit the delays due to assets that may be tied up in probate.

When creating a legacy strategy, it is important to understand how different assets will impact the transfer objectives being set within the plan. For example, certain assets like 401k retirement accounts, which grow tax-deferred, pass to heirs with income tax liabilities, reducing the value of these assets.

When considering wealth transfer at death, the death benefit amount provided by life insurance can be an effective transfer vehicle because the benefit is generally tax-free and paid directly to the beneficiary. In addition to a possible tax-free benefit to the heirs, the life insurance proceeds can help:

- Provide amounts that may be loaned or used to purchase assets from the estate to cover estate taxes.
- Avoid probate and associated costs.
- Provide the ability to easily divide values between heirs named as beneficiaries.
- Avoid inclusion in the insured's estate at death, if structured correctly.
- Provide a death benefit amount whose value cannot be impacted by fluctuating market conditions.

<sup>1</sup> This brochure is provided for information purposes only; it does not form part of the Foresters Advantage Plus Whole Life Insurance contract and is not intended to amend, alter or change any of the terms and conditions of the contract. Life insurance contracts are underwritten and issued by The Independent Order of Foresters, a fraternal benefit society. Foresters Advantage Plus and its riders may not be available or approved in all states and are subject to underwriting approval, limitations, contract terms and conditions, and state variations. Refer to the Foresters Advantage Plus Whole Life Insurance contract for your state for these terms and conditions. Foresters Advantage Plus and its riders are filed under the form numbers listed below, where "XX" represents either "US" or your state's postal abbreviation, as applicable.

Foresters Advantage Plus: ICC17-WL-US01 or WL-XX01-2017

Accelerated Death Benefit Rider (for Chronic, Critical and Terminal Illness): ICC14-TRAD-ABRCHCRTI-US01 or TRAD-ABRCHCRTI-XX01-2014

Accelerated Death Benefit Rider (for Critical and Terminal Illness): ICC14-TRAD-ABRCRTI-US01 or TRAD-ABRCRTI-XX01-2014

Accelerated Death Benefit Rider (for Terminal Illness): ICC14-TRAD-ABRTI-US01 or TRAD-ABRTI-XX01-2014

Accidental Death Rider: ICC11-WL-ADR-US01 or WL-ADR-XX01-2011

Children's Term Rider: ICC11-WL-CTR-US01 or WL-CTR-XX01-2011

Common Carrier Accidental Death Rider: ICC11-WL-CCADR-US01 or WL-CCADR-XX01-2011

Disability Income Rider (Accident Only): WL-DIR-XX01-2011

Family Health Benefit Rider: WL-FHB-XX01-2011

Flexible Paid-Up Additions Rider: ICC17-WL-FPUAR-US01 or WL-FPUAR-XX01-2017

Guaranteed Insurability Rider: ICC11-WL-GIR-US01 or WL-GIR-XX01-2011

Single Paid-Up Additions Rider: ICC17-WL-SPUAR-US01 or WL-SPUAR-XX01-2017

Term Rider: ICC12-WL-TR-US01 or WL-TR-XX01-2012

Waiver of Premium Rider: ICC11-WL-WPR-US01 or WL-WPR-XX01-2011

<sup>2</sup> Member benefits are non-contractual, subject to benefit specific eligibility requirements, definitions and limitations and may be changed or canceled without notice.

<sup>3</sup> Dividends are not guaranteed and vary by gender, band, smoker, preferred/standard, and premium-pay period.

<sup>4</sup> Foresters, their employees and life insurance representatives, do not provide, on Foresters behalf, legal or tax advice. The information given here is merely a summary of our understanding of current laws and regulations. For questions around any tax or legal matter, individuals should consult their tax or legal advisors.

<sup>5</sup> Access to tax-advantaged loans assumes the policy stays in-force until death. If the certificate lapses, there may be tax consequences on any cash value above the cost basis. A life insurance contract can become a Modified Endowment Contract (MEC) when premiums paid exceed certain limits as outlined in the tax code. Withdrawals or loans will reduce death benefit and cash values and may affect how long the insurance contract is in effect. Dividends are not guaranteed. Past dividends are not an indicator of future dividend performance. Loans can be taken if the certificate is in effect and has a positive cash surrender value. Interest is charged daily at current Foresters US variable loan rates. Death benefit payable is net of the outstanding certificate loan amount(s) (including accrued interest). If the loan amount exceeds the cash value plus the present value of PUAs and dividends on deposit amount the certificate will terminate.

<sup>6</sup> The designated charitable organization must be an accredited 501(c) (3) organization under the Internal Revenue Code and eligible to receive charitable contributions as defined in section 170(c) of that code.

<sup>7</sup> Accelerated Death Benefit Rider is not available in CA. This product is a life insurance policy that accelerates the death benefit on account of chronic illness and is not a health insurance certificate providing long term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long Term Care Partnership Program and is not a Medicare supplement certificate. Receipt of the accelerated death benefits may affect eligibility for public assistance programs. Receipt of the accelerated death benefits may be taxable.

<sup>8</sup> Each rider mentioned requires additional premium unless otherwise noted.

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