

<Date>

<Firstname Lastname>

<Address>

<Address>

<Address>

**We need you to update your Adjustable Life insurance policy
Contract number <LI-RXXX,XXX-X>**

Dear <Mr/Mrs Lastname>,

Every three years, we review the cost basis of your Sun Life Adjustable Life insurance policy. This is a routine review, as part of your contract with us.

- The cost basis is a set of pricing factors related to your policy. These factors include interest rates, mortality rates, expenses and taxes.
- Our forecast about changes to these factors can affect your policy's cost basis. This can affect the policy's death benefit amount, cash value and premiums.
- If your policy's cost basis changes from one three-year period to the next, we'll make adjustments. We'll adjust your policy's death benefit amount, cash value or premiums to align with the change:
 - If the cost basis decreases, we increase your death benefit amount without having to increase your premium.
 - If the cost basis increases, we can either:
 1. Keep your current death benefit amount by increasing your premium or
 2. Keep your current premium by decreasing your death benefit amount

What this means to you

In our most recent review, we determined that your policy's cost basis has increased. So we need to increase your premium or decrease your death benefit amount – whichever works best for you. To help you decide, here are the details for each option. Please review them carefully.

OPTION 1: Keep your current death benefit amount and increase your premium

With this option, to keep your current death benefit amount of \$<amount>, we'll

need to increase your <monthly/quarterly/semi-annual/annual> premium to \$<amount>.

- **<for NON total disability clients:>**This premium will cover the cost of your death benefit and any other benefits you may have purchased.
- **<for TOTAL DISABILITY clients:>** This premium will cover the cost of your death benefit, the waiver of premium benefit and any other benefits you may have purchased.
- This new premium amount will begin on <date>, your policy's next anniversary. This new amount will apply until your next review.
- If you have pre-authorized chequing (PAC), we'll automatically withdraw your premium from your account. If you don't have PAC, we'll bill you on your next annual statement.
- Beginning on <date>, the cash values and paid-up values on your policy for the next three years will be:

Year	Cash value	Paid-up values
YYYY	\$xxx.xx	\$xxx.xx
YYYY	\$xxx.xx	\$xxx.xx
YYYY	\$xxx.xx	\$xxx.xx

For more information about cash values and paid-up values, please see the enclosed questions and answers.

OPTION 2: Keep your current premium and decrease your death benefit amount

With this option, to keep your current <monthly/quarterly/semi-annual/annual> premium at \$<amount>, your benefit amount will decrease from \$<amount> to \$<amount>.

- This new benefit amount will begin on <date>, your policy's next anniversary. This new amount will apply until your next review.
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- Beginning on <date>, the cash values and paid-up values on your policy for the next three years will be:

Year	Cash value	Paid-up values
YYYY	\$xxx.xx	\$xxx.xx
YYYY	\$xxx.xx	\$xxx.xx
YYYY	\$xxx.xx	\$xxx.xx

Next steps

Please use the enclosed form. Choose either option 1 or option 2, and return it to us by <date2>. If we don't hear from you by then, we'll apply <option 1/option 2> to your policy. This is the option you chose for previous adjustments.

<for Clients on disability and who have a waiver:> Although we've waived your premiums based on your waiver of premium benefit, we still need you to choose an option in case this benefit ends and you start paying premiums again.

To help with your decision, you may want to talk with your advisor, <advisor name> at <phone number>. You can also give us a call us at 1-800-786-5433 any business day from 8 a.m. to 8 p.m. ET. The enclosed questions and answers might also be helpful.

Additional update

We also want to let you know about another important update. On your policy's anniversary following your 100th birthday:

- you won't have to pay any more premiums and
- Unfavourable adjustments won't affect your policy.

Questions?

We're here to help. Please see the contact information provided above.

Sincerely,

The team at Sun Life

Please keep this letter with your policy.

Adjustable Life insurance policy – Questions and answers

Why are you adjusting my policy now?

We review your policy's cost basis every three years. Since our last review, interest rates affecting your policy have declined and mortality rates have changed. As a result, we now need to adjust your policy.

Is this the last time you'll adjust my policy?

Unfortunately, we can't predict this. Any future adjustments will depend on future expectations of the pricing factors. These will affect your policy's cost basis. Your policy is only adjustable every third policy anniversary.

It's possible that your policy's cost basis could eventually decrease. If this happens, your benefit amount would increase. And, if you're paying premiums, your premium wouldn't change.

It's also possible the cost basis could increase again. If this happens:

- If you're paying premiums for your policy, your premium may increase. Or your benefit amount may decrease, depending on the option you choose.
- If you have a reduced paid-up policy and you're not paying premiums, your benefit amount would decrease.

But your benefit amount will never decrease below the minimum stated in your policy.

On your policy's anniversary following your 100th birthday:

- you won't have to pay any more premiums and
- Unfavourable adjustments won't affect your policy.

What are cash values and why are you showing them for three years?

The cash value of your policy is the amount available to you in cash if you cancel your policy. We call this a 'surrender.' A portion of your cash value may be taxable on surrender. Your annual statement shows the cash value of your policy on each policy anniversary.

Since your policy is adjustable every third policy anniversary, we can't guarantee cash values beyond the next three years. We'd also need to deduct any policy loans and overdue premiums from this cash value prior to payment.

What are paid-up values and why are you showing them for three years?

The paid-up value of your policy is the benefit amount that will stay in force if you decide to stop making premium payments.

Since your policy is adjustable every third policy anniversary, we can't guarantee paid-up values beyond the next three years. We use cash values to help calculate paid-up values. This means that any policy loans and premium arrears that affect cash values will also affect paid-up values.

If I can't pay my premiums now, what can I do?

You have options:

- If you no longer need as much life insurance, you can reduce your benefit amount. This will offset the increase in your premium.
- Your policy also allows you to reduce your benefit amount, and not pay any more premiums. This is called reduced paid-up insurance. If you choose this option, your benefit will continue to be adjustable until age 100 and the death benefit minimum in your policy will no longer apply.

An advisor can help you decide the best option for you.

Do I still need this policy?

Your life insurance policy death benefit can be helpful for your beneficiaries. An advisor can help you decide what's right for you.